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THE ESSENTIAL

LEONARD READ

THE FOUNDATION FOR ECONOMIC EDUCATION

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The Essential Leonard Read

The Foundation for Economic Education



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1

I, Pencil

I am a lead pencil—the ordinary wooden pencil familiar to all boys and girls and adults who can read and write.

Writing is both my vocation and my avocation; that's all I do.

You may wonder why I should write a genealogy. Well, to begin with, my story is interesting. And, next, I am a mystery—more so than a tree or a sunset or even a flash of lightning. But, sadly, I am taken for granted by those who use me, as if I were a mere incident and without background. This supercilious attitude relegates me to the level of the commonplace. This is a species of the grievous error in which mankind cannot too long persist without peril. For, the wise G. K. Chesterton observed, “We are perishing for want of wonder, not for want of wonders.”

I, Pencil, simple though I appear to be, merit your wonder and awe, a claim I shall attempt to prove. In fact, if you can understand me—no, that's too much to ask of anyone—if you can become aware of the miraculousness which I symbolize, you can help save the freedom mankind is so unhappily losing. I have a profound lesson to teach. And I can teach this lesson better than can an automobile or an airplane or a mechanical dishwasher because—well, because I am seemingly so simple.

Simple? Yet, not a single person on the face of this earth knows how to make me. This sounds fantastic, doesn't it? Especially when it is realized that there are about one and one-half billion of my kind produced in the U.S.A. each year.

Pick me up and look me over. What do you see? Not much meets the eye—there's some wood, lacquer, the printed labeling, graphite lead, a bit of metal, and an eraser.

Innumerable Antecedents

Just as you cannot trace your family tree back very far, so is it impossible for me to name and explain all my antecedents. But I would like to suggest

enough of them to impress upon you the richness and complexity of my background.

My family tree begins with what in fact is a tree, a cedar of straight grain that grows in Northern California and Oregon. Now contemplate all the saws and trucks and rope and the countless other gear used in harvesting and carting the cedar logs to the railroad siding. Think of all the persons and the numberless skills that went into their fabrication: the mining of ore, the making of steel and its refinement into saws, axes, motors; the growing of hemp and bringing it through all the stages to heavy and strong rope; the logging camps with their beds and mess halls, the cookery and the raising of all the foods. Why, untold thousands of persons had a hand in every cup of coffee the loggers drink!

The logs are shipped to a mill in San Leandro, California. Can you imagine the individuals who make flat cars and rails and railroad engines and who construct and install the communication systems incidental thereto? These legions are among my antecedents.

Consider the millwork in San Leandro. The cedar logs are cut into small, pencil-length slats less than one-fourth of an inch in thickness. These are kiln dried and then tinted for the same reason women put rouge on their faces. People prefer that I look pretty, not a pallid white. The slats are waxed and kiln dried again. How many skills went into the making of the tint and the kilns, into supplying the heat, the light and power, the belts, motors, and all the other things a mill requires? Sweepers in the mill among my ancestors? Yes, and included are the men who poured the concrete for the dam of a Pacific Gas & Electric Company hydroplant which supplies the mill's power!

Don't overlook the ancestors present and distant who have a hand in transporting sixty carloads of slats across the nation.

Once in the pencil factory—\$4,000,000 in machinery and building, all capital accumulated by thrifty and saving parents of mine—each slat is given eight grooves by a complex machine, after which another machine lays leads in every other slat, applies glue, and places another slat atop—a lead sandwich, so to speak. Seven brothers and I are mechanically carved from this “wood-clinched” sandwich.

My “lead” itself—it contains no lead at all—is complex. The graphite is mined in Ceylon [Sri Lanka]. Consider these miners and those who make

their many tools and the makers of the paper sacks in which the graphite is shipped and those who make the string that ties the sacks and those who put them aboard ships and those who make the ships. Even the lighthouse keepers along the way assisted in my birth—and the harbor pilots.

The graphite is mixed with clay from Mississippi in which ammonium hydroxide is used in the refining process. Then wetting agents are added such as sulfonated tallow—animal fats chemically reacted with sulfuric acid. After passing through numerous machines, the mixture finally appears as endless extrusions—as from a sausage grinder—cut to size, dried, and baked for several hours at 1,850 degrees Fahrenheit. To increase their strength and smoothness the leads are then treated with a hot mixture which includes candelilla wax from Mexico, paraffin wax, and hydrogenated natural fats.

My cedar receives six coats of lacquer. Do you know all the ingredients of lacquer? Who would think that the growers of castor beans and the refiners of castor oil are a part of it? They are. Why, even the processes by which the lacquer is made a beautiful yellow involve the skills of more persons than one can enumerate!

Observe the labeling. That's a film formed by applying heat to carbon black mixed with resins. How do you make resins and what, pray, is carbon black?

My bit of metal—the ferrule—is brass. Think of all the persons who mine zinc and copper and those who have the skills to make shiny sheet brass from these products of nature. Those black rings on my ferrule are black nickel. What is black nickel and how is it applied? The complete story of why the center of my ferrule has no black nickel on it would take pages to explain.

Then there's my crowning glory, inelegantly referred to in the trade as "the plug," the part man uses to erase the errors he makes with me. An ingredient called "factice" is what does the erasing. It is a rubber-like product made by reacting rapeseed oil from the Dutch East Indies [Indonesia] with sulfur chloride. Rubber, contrary to the common notion, is only for binding purposes. Then, too, there are numerous vulcanizing and accelerating agents. The pumice comes from Italy; and the pigment which gives "the plug" its color is cadmium sulfide.

No One Knows

Does anyone wish to challenge my earlier assertion that no single person on the face of this earth knows how to make me?

Actually, millions of human beings have had a hand in my creation, no one of whom even knows more than a very few of the others. Now, you may say that I go too far in relating the picker of a coffee berry in far-off Brazil and food growers elsewhere to my creation; that this is an extreme position. I shall stand by my claim. There isn't a single person in all these millions, including the president of the pencil company, who contributes more than a tiny, infinitesimal bit of know-how. From the standpoint of know-how the only difference between the miner of graphite in Ceylon and the logger in Oregon is in the type of know-how. Neither the miner nor the logger can be dispensed with, any more than can the chemist at the factory or the worker in the oil field—paraffin being a by-product of petroleum.

Here is an astounding fact: Neither the worker in the oil field nor the chemist nor the digger of graphite or clay nor any who mans or makes the ships or trains or trucks nor the one who runs the machine that does the knurling on my bit of metal nor the president of the company performs his singular task because he wants me. Each one wants me less, perhaps, than does a child in the first grade. Indeed, there are some among this vast multitude who never saw a pencil nor would they know how to use one. Their motivation is other than me. Perhaps it is something like this: Each of these millions sees that he can thus exchange his tiny know-how for the goods and services he needs or wants. I may or may not be among these items.

No Master Mind

There is a fact still more astounding: The absence of a master mind, of anyone dictating or forcibly directing these countless actions which bring me into being. No trace of such a person can be found. Instead, we find the Invisible Hand at work. This is the mystery to which I earlier referred.

It has been said that "only God can make a tree." Why do we agree with this? Isn't it because we realize that we ourselves could not make one?

Indeed, can we even describe a tree? We cannot, except in superficial terms. We can say, for instance, that a certain molecular configuration manifests itself as a tree. But what mind is there among men that could even record, let alone direct, the constant changes in molecules that transpire in the life span of a tree? Such a feat is utterly unthinkable!

I, Pencil, am a complex combination of miracles: a tree, zinc, copper, graphite, and so on. But to these miracles which manifest themselves in Nature an even more extraordinary miracle has been added: the configuration of creative human energies—millions of tiny know-hows configuring naturally and spontaneously in response to human necessity and desire and in the absence of any human masterminding! Since only God can make a tree, I insist that only God could make me. Man can no more direct these millions of know-hows to bring me into being than he can put molecules together to create a tree.

The above is what I meant when writing, “If you can become aware of the miraculousness which I symbolize, you can help save the freedom mankind is so unhappily losing.” For, if one is aware that these know-hows will naturally, yes, automatically, arrange themselves into creative and productive patterns in response to human necessity and demand—that is, in the absence of governmental or any other coercive masterminding—then one will possess an absolutely essential ingredient for freedom: a faith in free people. Freedom is impossible without this faith.

Once government has had a monopoly of a creative activity such, for instance, as the delivery of the mails, most individuals will believe that the mails could not be efficiently delivered by men acting freely. And here is the reason: Each one acknowledges that he himself doesn’t know how to do all the things incident to mail delivery. He also recognizes that no other individual could do it. These assumptions are correct. No individual possesses enough know-how to perform a nation’s mail delivery any more than any individual possesses enough know-how to make a pencil. Now, in the absence of faith in free people—in the unawareness that millions of tiny know-hows would naturally and miraculously form and cooperate to satisfy this necessity—the individual cannot help but reach the erroneous conclusion that mail can be delivered only by governmental “masterminding.”

Testimony Galore

If I, Pencil, were the only item that could offer testimony on what men and women can accomplish when free to try, then those with little faith would have a fair case. However, there is testimony galore; it's all about us and on every hand. Mail delivery is exceedingly simple when compared, for instance, to the making of an automobile or a calculating machine or a grain combine or a milling machine or to tens of thousands of other things. Delivery? Why, in this area where men have been left free to try, they deliver the human voice around the world in less than one second; they deliver an event visually and in motion to any person's home when it is happening; they deliver 150 passengers from Seattle to Baltimore in less than four hours; they deliver gas from Texas to one's range or furnace in New York at unbelievably low rates and without subsidy; they deliver each four pounds of oil from the Persian Gulf to our Eastern Seaboard—halfway around the world—for less money than the government charges for delivering a one-ounce letter across the street!

The lesson I have to teach is this: Leave all creative energies uninhibited. Merely organize society to act in harmony with this lesson. Let society's legal apparatus remove all obstacles the best it can. Permit these creative know-hows freely to flow. Have faith that free men and women will respond to the Invisible Hand. This faith will be confirmed. I, Pencil, seemingly simple though I am, offer the miracle of my creation as testimony that this is a practical faith, as practical as the sun, the rain, a cedar tree, the good earth.

Neither Left nor Right

“Why, you are neither left nor right!” This observation, following a speech of mine, showed rare discernment. It was rare because I have seldom heard it made. It was discerning because it was accurate.

Most of us seem always to be reaching for word simplifications—handy generalizations—for they often aid speech. They take the place of long, drawn-out definitions. Yet, care must be exercised lest these word-shorties play semantic tricks and do a disservice to those who use them. Such, I fear, is the case with “left” and “right” when used by libertarians who, I hope to demonstrate, are neither left nor right in the accepted parlance of our day.

“Left” and “right” are each descriptive of authoritarian positions. Liberty has no horizontal relationship to authoritarianism. Libertarianism’s relationship to authoritarianism is vertical; it is up from the muck of men enslaving man. But, let’s begin at the beginning.

There was a time when “left” and “right” were appropriate and not inaccurate designations of ideological differences.” The first Leftists were a group of newly elected representatives to the National Constituent Assembly at the beginning of the French Revolution in 1789. They were labeled “Leftists” merely because they happened to sit on the left side in the French Assembly.

The legislators who sat on the right side were referred to as the Party of the Right, or Rightists. The Rightists or “reactionaries” stood for a highly centralized national government, special laws and privileges for unions and various other groups and classes, government economic monopolies in various necessities of life, and a continuation of government controls over prices, production, and distribution.[\[1\]](#)

The leftists were, for all practical purposes, ideologically similar to those of us who call ourselves “libertarians.” The rightists were ideological opposites: statist, interventionist, in short, authoritarian. “Left” and “right” in France, during 1789–90, had a semantic handiness and a high degree of accuracy.

But “leftist” was soon expropriated by the authoritarian Jacobins and came to have an opposite meaning. “Leftist” became descriptive of egalitarians and was associated with Marxian socialism: communism, socialism, Fabianism. What, then, of “rightist”? Where did it fit in this semantic reversal of “leftist”? The staff of the Moscow apparatus has taken care of that for us, and to their advantage: Anything not communist or socialist they decreed and propagandized as “fascist.” This is by way of saying that any ideology that is not communist (left) is now popularly established as fascist (right). Let’s take a look at Webster’s definition of fascism: “Any program for setting up a centralized autocratic national regime with severely nationalistic policies, exercising regimentation of industry, commerce, and finance, rigid censorship, and forcible suppression of opposition.”

What, actually, is the difference between communism and fascism? Both are forms of statism, authoritarianism. The only difference between Stalin’s communism and Mussolini’s fascism is an insignificant detail in organizational structure. But one is “left” and the other is “right”! Where does this leave the libertarian in a world of Moscow word making? The libertarian is, in reality, the opposite of the communist. Yet, if the libertarian employs the terms “left” and “right,” he is falling into the semantic trap of being a “rightist” (fascist) by virtue of not being a “leftist” (communist). This is a semantic graveyard for libertarians, a word device that excludes their existence. While those with Moscow relations will continue this theme, there is every reason why libertarians should avoid it.

One important disadvantage of a libertarian’s use of the left-right terminology is the wide-open opportunity for applying the golden-mean theory. For some twenty centuries Western man has come to accept the Aristotelian theory that the sensible position is between any two extremes, known politically today as the “middle-of-the-road” position. Now, if libertarians use the terms “left” and “right,” they announce themselves to be extreme right by virtue of being extremely distant in their beliefs from

communism. But “right” has been successfully identified with fascism. Therefore, more and more persons are led to believe that the sound position is somewhere between communism and fascism, both spelling authoritarianism.

The golden-mean theory cannot properly be applied indiscriminately. For instance, it is sound enough when deciding between no food at all on the one hand or gluttony on the other hand. But it is patently unsound when deciding between stealing nothing or stealing \$1,000. The golden mean would commend stealing \$500. Thus, the golden mean has no more soundness when applied to communism and fascism (two names for the same thing) than it does to two amounts in theft. The libertarian can have no truck with “left” or “right” because he regrets any form of authoritarianism—the use of police force to control the creative life of man. To him, communism, fascism, Nazism, Fabianism, the welfare state—all egalitarianism—fit the definitive description that Plato, perhaps cynically, gave us centuries before any of these coercive systems were evolved:

The greatest principle of all is that nobody, whether male or female, should be without a leader. Nor should the mind of anybody be habituated to letting him do anything at all on his own initiative; neither out of zeal, nor even playfully. But in war as well as in the midst of peace—to his leader he shall direct his eye and follow him faithfully. And even in the smallest matter he should stand under leadership. For example, he should get up, or move, or wash, or take his meals ... only if he has been told to do so.... In a word, he should teach his soul, by long habit, never to dream of acting independently, and, in fact, to become utterly incapable of it.

Ascending the Degradation

Libertarians reject this principle and in so doing are not to the right or left of authoritarians. They, as the human spirit they would free, ascend—are above—this degradation. Their position, if directional analogies are to be used, is up—in the sense that vapor from a muckheap rises to a wholesome

atmosphere. If the idea of extremity is to be applied to a libertarian, let it be based on how extremely well he has shed himself of authoritarian beliefs.

Establish this concept of emerging, of freeing—which is the meaning of libertarianism—and the golden-mean or “middle-of-the-road” theory becomes inapplicable. For there can be no halfway position between zero and infinity. It is absurd to suggest that there can be.

What simplified term should libertarians employ to distinguish themselves from the Moscow brand of “leftists” and “rightists”? I have not invented one but until I do I shall content myself by saying, “I am a libertarian,” standing ready to explain the definition to anyone who seeks meaning instead of trademarks.

[1] Dean Russell, *The First Leftist* (Irvington-on-Hudson, NY: Foundation for Economic Education, 1951), 3.

A Break with Prevailing Faith

Galileo was called on the carpet, tried by the Inquisition, and put in prison because he affirmed the theory of Copernicus that the solar system does not revolve around our earth. The truth as he perceived it was a break with the prevailing faith; he committed the unpardonable sin of affronting the mores. This was his guilt.

Americans—enlightened as we suppose ourselves to be—are inclined to view with scorn that illiberal attitude of some three centuries ago which sought to keep the light of new evidence away from the fallacies of that time. Fie on such childish intolerance; we are not afraid of truth; let the light shine in!

Perhaps we should pause for a moment and carefully scrutinize what our own mirror reveals. A letter in the morning mail highlights my point: this woman had visited the librarian of the high school to which she had made a gift of *The Freeman*, a monthly journal that presents, dispassionately but consistently, the rationale of the free market, private property, limited government philosophy, along with its moral and spiritual antecedents. She discovered that the journal was not among the periodicals displayed for student perusal, that it had been discreetly relegated to the teachers' reading room. What was the reason for this under-the-rug procedure? The librarian explained, "*The Freeman* is too conservative." My correspondent, distraught by this illiberal attitude—by this attempt to keep students from knowing about the freedom philosophy—asked of me, "What can we do about this?"

The answer to this question is to be found in an old English proverb, "Truth will out!" As it did with Galileo's theory, so it will do with the ideology of freedom! However, if we would conserve our energies and act in the best interests of the freedom philosophy, we will do well to reflect on the most effective way to lend a hand to the philosophy. Suppose, for instance, Galileo had exerted pressure on the Inquisitors to purvey that fragment of truth he had come upon. The folly of such a tactic is clear: His

truth in the hands of his enemies; heaven forbid! Likewise, it is folly for us to exert influence on those of the collectivistic faith—be they librarians, teachers, book reviewers or bookstore owners, politicians, or whoever—to carry the message of individuality and its essential concomitant, freedom in exchange. If one wishes to win, never choose teammates who are intent on losing the contest. Indeed, such folks should be scrupulously avoided as partners.

The way to give truth a hand is to pursue a do-it-yourself policy. Each must do his own seeking and revealing. Such success as one experiences will uncover and attract all the useful, helpful, sympathetic teammates one's pursuit deserves. This appears to be truth's obstacle course—no shortcuts allowed.

A Dark Age is followed by an Enlightenment; devolution and evolution follow on each other's heels; myth and truth have each their day, now as ever. These opposites—action and reaction—occur with the near regularity of a pendulum, here as elsewhere, the vaunted “common sense of the American people” notwithstanding.

The Faith in Collectivism

Our time, as did Galileo's, witnesses an enormous intolerance toward ideas which challenge the prevailing faith, that faith today being collectivism—worldwide. Americans during the past three or four decades have swung overwhelmingly toward the myths implicit in statism; but, more than this, they have become actually antagonistic to, and afraid of identification with, free market, private property, limited government principles. Indeed, such is the impact of the collectivistic myth, they shy away from any idea or person or institution which the political welfarists and planners choose to label as “rightists.” I have labored full time in this controversy for more than thirty years and, having a good memory, these shifts are as clear to me as if they had occurred in the last few moments, or I'd just viewed a time-lapse movie of these events. Were I unaware that such actions and reactions are inevitable in the scheme of things—particularly when observing such behavior by businessmen as well as by teachers, clergymen, and labor officials—I would be unable to believe my eyes.

Yet, truth will out! While myth and truth contend in their never-ending fray, truth inches ahead over the millennia as might be expected from the evolutionary process. My faith says that this is ordained, *if we be worthy*, for what meaning can truth have except our individual perception of it? This is to say that among the numerous imperatives of truth is that many individuals do their utmost in searching for it and reporting whatever their search reveals.

Worthiness also requires of those who would don her mantle a quality of character which I shall call incorruptibility. The more individuals in whom this quality finds refinement the better, and the sooner more truth will out. This quality is too important to suffer neglect for brevity's sake; so let me spell it out.

If my claim for incorruptibility is to hold water, the notion of corruption will have to be refined beyond its generally accepted identification with bribery, stealing, boldfaced lying, and the like. Deplorable as are these specimens, they wreak but minor havoc compared to the more subtle corruptions of the intellect and the soul which, unfortunately, are rarely thought of—or even felt—as corruption.

The level of corruption I wish to examine was suggested to me by a friend's honest confession, "I am as much corrupted by my loves as by my hates." Few of us have succeeded in rising above this weakness; indeed, it is difficult to find one who has. Where is the individual who has so freed himself from his affections for or prejudices against persons, parties, creeds that he can utterly disregard these passions and weigh each and every act or proposal or idea strictly on its own merits—as if he were unaware of its source? Where is the man who can say "yes" or "no" to friend or foe with equal detachment? So rare are such individuals that we run the risk of concluding that no such person exists.

However, we must not despair. Recently, I was presented with an idea by an unknown author—in these words: "*There is no such thing as a broken commitment.*" Observing on many occasions that people do actually go back on their bond, I thought this to be at odds with the facts of life. Later, its meaning was explained to me: An unbroken commitment in this context means something more than paying debts, keeping promises, observing contracts. *A man has a commitment to his own conscience, that is, to truth as his highest conscience discerns truth, and every word and deed must be*

an accurate reflection thereof. No pressure of fame or fortune or love or hate can even tempt such a person to compromise his integrity. At this level of life there can be no broken commitment.

Incorruptibility in its intellectual and spiritual sense refers to a higher order of men than is generally known to exist. It relates to men whose moral nature is such that infidelity to conscience is as unthinkable to them as stealing pennies from a child's bank is to us. Folks who would deviate from their own highest concept of righteousness simply are not of this order nor are they likely to be aware that there is such an order of men.

An interesting sidelight on the individual whose prime engagement is with his own conscience and who is not swerved by popular acclaim or the lack of it, is that he seldom knows who his incorruptible brothers are. They are, by their nature—all of them—a quiet lot; indeed, most of us are lucky if we ever spot one.

Signs of Corruption

At this moment in history, this order of men must be distressingly small. The reason for this opinion is the “respectability” which presently attends all but the basest forms of corruption. Almost no shame descends upon seekers after office who peddle pure hokum in exchange for votes; they sell their souls for political power and become the darlings of the very people on whom their wiles are practiced. Business and professional men and women, farmers and workers, through their associations and lobbies, clergymen from their pulpits, and teachers before their students shamelessly advocate special privileges: the feathering of the nests of some at the expense of others—and by coercion! For so doing they receive far more pious acclaim than censure. Such are the signs of widespread corruption.

As further evidence of intellectual corruption, reflect on the growing extent to which excuses are advanced as if they were reasons. In the politico-economic realm, for example, we put an embargo on goods from China because they are, in fact, competitive. But professing to favor free, competitive enterprise, and hesitating to confess that we are against competition, we corrupt ourselves and offer the excuse that these goods are “red.”

Caviar from Russia—noncompetitive—is imported by the ton but is just as “red” as a linen tablecloth from China. This type of corruption occurs on an enormous scale, but is shrugged off as “good business.” Things would be otherwise if incorruptibility were more common. If I am not mistaken, several rare, incorruptible oversouls have passed my way during these last three decades. For one thing, they were different. But it cannot be said that they stood out from the rest of us for, to borrow a phrase from a Chinese sage, they all operated in “creative quietness.” While not standing out, they were outstanding—that is, their positions were always dictated by what they believed to be right. This was their integrity. They consistently, everlastingly sought for the right. This was their intelligence. Furthermore, their integrity and intelligence imparted to them a wisdom few ever attain: a sense of being men, not gods, and, as a consequence, an awareness of their inability to run the lives of others. This was their humility. Lastly, they never did to others that which they would not have others do to them. This was their justice.

Truth will out, with enough of these incorruptible souls!

The Truth about Freedom

Now, having staked out the ideal, it behooves me to approximate it as best I can, which is to say, to present the truth as I see it, in this instance, as it bears on the free market and related institutions. By my title, *Anything That's Peaceful*, I mean let anyone do anything he pleases that's peaceful or creative; let there be no organized restraint against anything but fraud, violence, misrepresentation, predation; let anyone deliver mail or educate or preach his religion or whatever, so long as it's peaceful; limit society's agency of organized force—government—to juridical and policing functions, tabulating the do-nots and prescribing the penalties against unpeaceful actions; let the government do this and leave all else to the free, unfettered market!

All of this, I concede, is an affront to the mores. So be it!

One more point: discussion of ideological questions is more or less idle unless there be an awareness of what the major premise is. At what is the writer aiming? Is he doing his reasoning with some purpose in mind? If so, what is it?

I do not wish to leave anyone in the dark concerning my basic point of reference. Realizing years ago that I couldn't possibly be consistent in my positions unless I reasoned from a basic premise—fundamental point of reference—set about it by asking one of the most difficult of questions: What is man's earthly purpose?

I could find no answer to that question without bumping, head on, into three of my basic assumptions. The first derives from the observation that man did not create himself, for there is evidence aplenty that man knows very little about himself, thus:

1. The primacy and supremacy of an Infinite Consciousness;
2. The expansibility of individual consciousness, this being demonstrably possible; and
3. The immortality of the individual spirit or consciousness, our earthly moments being not all there is to it—this being something I know but know not how to demonstrate.

With these assumptions, the answer to the question, "What is man's earthly purpose?" comes clear: *It is to expand one's own consciousness into as near a harmony with Infinite Consciousness as is within the power of each, or, in more lay terms, to see how nearly one can come to a realization of those creative potentialities peculiar to one's own person, each of us being different in this respect.*

This is my major premise with which the reader may or may not agree but he can, at least, decide for himself whether or not the following chapters are reasoned logically from this basic point of reference.

The ideas offered here have been brewing for several years. Many of them, though slightly rephrased, have appeared elsewhere as separate essays. My aim now is to gather those fragments into an integrated, free market theme.

Socialism Is Noncreative

Socialism depends upon and presupposes material achievements which socialism itself can never create. Socialism is operative only in wealth situations brought about by modes of production other than its own. Socialism takes and redistributes wealth, but it is utterly incapable of creating wealth.^[2] Few Americans today would object were this devastating indictment leveled against communism. But to accuse the USA brand of democratic socialism of barrenness or sterility is to put the shoe on another foot. Are you actually implying, many will ask, that a vast majority of Americans are rapidly committing themselves to a will-o'-the-wisp? Eating the seed corn? Sponsoring parasitism? Yes, this is the charge, and I shall do my best to demonstrate its truth.

Socializing the *means* of production and socializing the *results* of production are but two sides of the same coin, inseparable in practice. The state that controls production is going to control the distribution of what is produced; and the state that distributes the product must, eventually, control production.

That inescapable fact is just as true in the United States, with its democratic socialism, as it is in Russia with its dictatorial socialism. In our own country, when we refer to the “planned economy,” we mean that wages, hours, prices, production, and exchange shall be largely determined by state directives—and not by free response to market decisions. Though our “welfare state” policies are currently more humane than their counterparts in Russia, socialism in both nations, whether having to do with the *means* or the *results* of production, rests on organized police force.

Socialism is more than a some-other-country folly. It demands a hard look at what our own American mirror reveals. My purpose is self-analysis, not a discourse on the political antics of power-drunk Russians.

Now to return to my opening assumption: *Socialism depends upon and presupposes material achievements which socialism itself can never create.*

This indictment has two parts: (1) there has to be wealth before wealth can be socialized; and (2) socialism cannot create the wealth in the first place.

With everyone's wealth at zero, there is no one from whom anything can be taken. Many of our Pilgrim Fathers starved during the first three years of community communism because there was so little in the warehouse to dole out. Communism—or one of our numerous names for the same thing, the welfare state—presupposes the existence of wealth which can be forcibly extorted. Is this not self-evident?

There remains, then, only to show that socialism—the planned economy side of the coin—cannot give rise to the means of production; that is, state ownership and control of the means of production cannot create the wealth on which state welfarism rests.

The Pilgrims' warehouse was empty because the communistic mode of production couldn't fill it. The standard of living of the Russian people is so much lower today than our own because their avowed but not wholly practiced system is productively sterile.^[3] Such goods as the Pilgrims did produce during their first three years, or as the Russians now produce, can be explained only as the result of deviations from socialism: *leakages of free, creative human energies!* Had the Pilgrims practiced socialism 100 percent, all the Pilgrims would have perished. Were the Russians practicing socialism 100 percent, there would not be a living Russian. Life goes on in these and all other socialistically inclined societies because their inhabitants do not practice the socialistic theory totally! If I can demonstrate this point, my original indictment becomes unassailable.

Plato's Definition of Socialism

What actually is meant by total socialism? As a hint, here is a statement by Plato:

The greatest principle of all is that nobody, whether male or female, should be without a leader. Nor should the mind of anybody be habituated to letting him do anything at all on his own initiative; neither out of zeal, nor even playfully. But in war and in the midst of peace—to his leader he shall

direct his eye and follow him faithfully. And even in the smallest matter he should stand under leadership. For example, he should get up, or move, or wash, or take his meals ... only if he has been told to do so. In a word, he should teach his soul, by long habit, never to dream of acting independently, and to become utterly incapable of it.[\[4\]](#)

The above quotation, however, does not describe socialism. It only outlines the extent to which an individual might become a selfless nonentity, *willingly* subserving a leader, dog fashion. If socialism were total, this recommended subservience would be brought about not by voluntary adoption but involuntarily, and by a master's coercion. In short, *total socialism means the total elimination of all volitional actions*; it means people in the role of robots. Freedom of choice on any matter would be nonexistent. Coercion is of its essence.

Now, consider the nature of coercive force. What can it do and what are its limitations? This is to ask what can be done by and what are the limitations of a gun, a billy club, a clenched fist. Clearly, they can inhibit, restrain, penalize, destroy. These are the identical possibilities and limitations of law or decree backed by force. Nothing more! *Law and decree cannot serve as a creative force*, any more than can a gun.

Coercively directed action can create nothing. Consider the driving of an automobile. No person would be a safe driver if he had to think his way through each act of steering, accelerating, or braking. Add the time it takes for numerous decisions to travel from the brain to the hands and feet, and it becomes plain that if drivers operated this way, one wreck would follow another. Any person who knows how to drive has succeeded in relegating driving's countless motions to the control of something akin to the autonomic nervous system. To know requires that one's responses become as automatic as breathing or writing—that is, become conditioned reflexes.

Now, consider a situation in which the relationship between decision and action is greatly complicated: a gunman in the back seat employing *his* thinking to command even the minutest actions of the driver. There could be no driving at all!

No driving at all? None whatsoever! Try an experiment: A coat hangs over the back of a chair. Find a person intelligent enough to dismiss

absolutely all his knowledge of a coat, and capable of refraining from any and all volitional action, one who can force himself to be utterly incapable of independent, volitional response. In this situation, instruct him how to don the coat. He'll never get it on.

The above explanations and assertions, however, have to do only with the first essential of creative action, that is, volitional action. That coercion cannot induce even this is a fact that appears to be self-evident.

Production in Spite of Controls

Socialism, we must admit, gives the illusion of being productive. The productivity, however, exists in spite of socialism, not because of it. The productivity originates in the free, creative energy which ignores or escapes socialism's repression—that is, which oozes through or around socialism's smothering blanket. In England, following the Napoleonic Wars, and in the USA under the NRA and OPA, legal restrictions blanketed large areas of production and exchange. But note this: neither country's socialistic decrees were entirely obeyed. In each instance there were gross violations of socialism, with the result that the people managed to live. Such material well-being as there was appeared to come from socialism. It actually came, however, from free, creative energy which, for obvious reasons, was more or less unpublicized.

Numerous other distractions help to hide socialism's essential sterility. For instance, we observe that many government schoolteachers act no less creatively than do teachers of private schools. Scientists in the employ of government have inventive experiences, as do independent scientists and those in corporate employ. TVA, a socialistic enterprise, produces electrical energy of the same quality as that from an investor-owned plant. Agents of the state and private citizens more or less look alike, dress alike, behave alike. We choose our friends as often from one set as from the other. Meeting a stranger, one could not tell from appearance only to which category he belongs.

If we would properly evaluate the effect of coercion, with its total absence of creativeness, we should have to disregard these distractions. We need to recognize that it is not the government schoolteacher who exercises the three types of coercion implicit in socialistic education: (1) compulsory

attendance, (2) government dictated curricula, and (3) the forcible collection of the wherewithal to pay the bills. Furthermore, we rarely feel any coercions simply because we meekly obey the laws backed by force; that is, we *do* send our children to school, we *do not* prescribe our own curricula, we *do* pay the tax bill. But refuse to acquiesce in any one of these three phases of compulsion and see what happens!

The scientist employed by the state, trying to figure out how to put three men on the moon, exercises no coercion. The coercion is applied to the collection of the funds which pay him to work as a free agent. He will work just as freely, as creatively, regardless of how his salary is collected. A billion dollars, whether garnered at the point of a gun or voluntarily donated, is in either case a billion dollars. A dollar extorted or a dollar freely given is still a dollar, with a dollar's purchasing power.

In the absence of socialism's coercion, each dollar would be used in accord with its owner's choice, to buy food or clothing, to educate the children, to take a vacation, to buy a sailboat. Coercion only diverts the dollars from owner use and puts them to state use. If, as predicted, putting three men on the moon will cost \$20 billion to \$40 billion, then that much freedom of choice will be destroyed. This enormous portion of our productivity will be socialized. The people are coercively relieved of their individual choices in order to permit a single choice, exercised by whoever heads the socialistic regime. Authoritarianism is forcibly substituted for individual liberty. What we witness here is a diversionary process accomplished by police action.

We will go astray in our analysis of this complex process unless we examine coercion at one of its points of impact—for instance, the impact on the citizens who are forced to foot the bills. So, ask yourself this question: Is the extortion of your income (in order that another may have the say-so as to what it will be spent for) a creative act? Does it make any difference to what use the other will put it? Charity, relief, moon shots, or whatever? Does it make any real difference whether or not the other is a person or a collective? There is no rational, affirmative answer to these questions. Extortion—coercion—is destructive. *It destroys your freedom of choice!* Coercion, by its nature, is destructive.

Let's draw an illustrative distinction between the coercive act and the creative act. A slap in the face (or the threat thereof) is a mild example of

coercion. It is milder than the penalty for *absolutely* refusing to pay one's tax for a federal urban renewal project in somebody else's town.

Now, to illustrate a creative experience: The medical student examined the slide in his microscope, but the culture he had been instructed to develop had failed to grow. Thousands of medical students had experienced that identical failure. But this student, observing that mold surrounded the hoped-for culture, had a flash thought: Is the mold, perhaps, antagonistic to the development of this culture? It was, and this experience led to the discovery of penicillin.

Contrast the results of a slap in the face and the flash thought, and the distinction between coercive and creative actions is clear.

A Spiritual Phenomenon

That socialism, founded on coercion, cannot bring about the production which socialized distribution presupposes, is plainly evident once we understand the genesis of all production. Ralph Waldo Trine put it plainly:

Everything is first worked out in the unseen before it is manifested in the seen, in the ideal before it is realized in the real, in the spiritual before it shows forth in the material. The realm of the unseen is the realm of cause. The realm of the seen is the realm of effect. The nature of effect is always determined and conditioned by the nature of its cause. [\[5\]](#)

Professor Ludwig von Mises, noted free market economist, supports this view:

Production is a spiritual, intellectual, and ideological phenomenon. It is the method that man, directed by reason, employs for the best possible removal of uneasiness. What distinguishes our conditions from those of our ancestors who lived one thousand or twenty thousand years ago is not something material, but something spiritual. The material changes are the outcome of the spiritual changes. [\[6\]](#)

Just imagine how antagonistic is a slap in the face, or the threat of death or imprisonment to those spiritual experiences which precede manufacture: insight, intuition, inventiveness, cognition.

The fact that creative action can and does take place even when financed by funds coercively collected does not in any way modify my assertion that coercive action is destructive, not creative. The Kremlin's master destroys freedom of choice on a big scale. Russians may not choose how the fruits of their labor are to be expended. Mr. Big does the choosing in their stead. He chooses to use much of the income thus extorted—socialized—for sputniks and other military hardware.

We now come to the most important point in this thesis: True, Mr. Big or the head of any other socialistic state, with the money he has obtained by diverting funds from producers' use, can induce creative action along the lines of his choice. But observe where this authoritarian process channels creative energies: it puts genius at work on questionable if not downright evil ends! Let us remember that not all genius is employed on the side of the angels. Is it not plain that creative energies can be turned to destructive ends? Do we need any more proof of this than the amazing ingenuity that has brought about the most destructive force ever devised by man? But putting aside the H-bomb, and such miraculous and fascinating follies as orbiting monkeys and men around our earth, reflect on the countless economy-destroying projects that result from man lording it over his fellow men. Man cannot feign the role of God without finally playing the devil's part. This is to say, as Emerson so eloquently phrased it:

Cause and effect, means and ends, seed and fruit, cannot be severed; for the effect already blooms in the cause, the end pre-exists in the means, the fruit in the seed. [7]

Stated in other terms, man cannot use coercion for other than destructive purposes; for even a legitimate police action for defense is still an inhibiting or destructive action, however necessary a police force may be. Raise billions by destroying freedom of choice—the socialist format—and the creative energies the funds finance will rarely serve the higher ends of life. Three men on the moon, farmers paid not to farm, flood control that floods land forever, mail delivery that bears a \$3 million daily deficit, the

rebuilding of urban areas that the market has deserted, the financing of socialistic governments the world over, are cases in point. None of these is a creative or productive endeavor in the full sense of those terms.

I began this chapter with the resolve to demonstrate that socialism depends upon and presupposes material achievements which socialism itself cannot create, that socialism is productively sterile. But after thinking it through, I must confess that my affirmation can be proven only to those persons who see the long-range effects of present actions; and to those who *know* that man playing God is a prime evil, an evil seed that must grow to a destructive bloom, however pretty it may appear in its earlier stages.

[2] This chapter refers only to the creative sterility of socialism, its unproductivity. But even if socialism were the most productive of all economic systems, it would not meet with my approval. Socialism de-emphasizes self-responsibility and, thus, is contrary to my major premise which is founded on the emergence of the individual.

[3] While state planning of the economy, and the coercive implementation of the state's plans are more widely practiced in Russia than perhaps any other country except China, we must remember that the Kremlin is more and more disregarding its own tenets and edging gradually toward the practice of a market economy. Incentives to induce production are on the increase, and a significant acreage has been restored to a free market type of farming. What a picture: Russians damning capitalism as they drift into capitalistic practices, and Americans damning communism as they drift into communistic ways of life! Russians are so impoverished that they must turn to capitalistic realities; Americans are so affluent that they indulge themselves, at their peril, in communistic nonsense.

[4] Karl R. Popper, *The Open Society and Its Enemies* (Princeton: Princeton University Press, 1950), 9.

[5] From *In Tune with the Infinite* (Indianapolis: Bobbs-Merrill, 1897).

[6] From *Human Action*, 2nd ed. (New Haven: Yale University Press, 1963), 141.

[7] From *The Complete Essays and Other Writings of Ralph Waldo Emerson* (New York: Modern Library, 1940), 176.

How Socialism Harms the Individual

The progressive income tax, federal urban renewal, federal aid to education, and a host of other welfare and unemployment measures are precisely what Karl Marx had in mind with his ideal for the Communist Party, “from each according to his ability, to each according to his needs.”

However, we must not discard the practices of this social leveling principle simply because it had a sponsor we do not esteem or because it is the very essence of communism, a system we claim to despise. We must never reason from a premise as shallow as prejudice.

Let us reason from the premise set forth in the first chapter,[\[8\]](#) the emergence of the individual. Keeping this in mind as our objective—the point of reference from which our conclusions are reasoned—what effect has the practice of this social leveling principle? Is the individual harmed or helped? That is the question!

A high school teacher of history and economics made an interesting attempt to explain how this principle would work should he apply it to his class.[\[9\]](#) It went something like this:

John, you received a grade of 95. Dick, you received a grade of 55. I shall take 20 from you, John, and give the 20 to you, Dick. By doing this, each of you will have a grade of 75, adequate for passing.

Now, how will this Marxist principle work in practice? You, John, will cease to work because I have removed your incentive. And, you, Dick, will give up work altogether because work is no longer the condition for a passing grade.

Thus, you see, we have a workless class. In the grown-up world people cannot live without work any more than you can learn without work. How, then, is work to be induced?

The answer is simple: get ourselves an authoritarian, one who forces us to do what he thinks we ought to be doing.

Mentioned in the teacher's explanation to his class are the three distinct classifications of persons involved in the social leveling process, the archetypes of which are: (1) the person with "ability," that is, the one from whom is taken, (2) the person with "need," that is, the one to whom someone else's property is given, and (3) the person who does the taking and giving, the political Robin Hood, the authoritarian.

The Person with Ability

If my contention is correct that all persons, in all three categories, are harmed by social leveling, then it must follow that the whole caboodle of what are called "social gains" not only fail to benefit anyone but, rather, have a deteriorating effect on everyone. Let's examine these archetypes in their taken-from, given-to, dictator order.

At the outset, we must not assume common agreement that harm is visited only on the person from whom is taken. There are many well-to-do individuals, sensitive to the plight or suffering of others, who gladly turn over to government the responsibility of caring for all afflicted people and, along with this shifting of responsibility from themselves to the state, a willingness for the government to draw on (tax) their ability to pay. They, not I, should be the judge of the harm such shifting of responsibility does to them. I can only question their judgment.

Division of labor—me to my speciality, you to yours—is essential to an expanding wealth. But there are several aspects of life we cannot turn over to others without harm to our individual expansion. Religion cannot be shifted to others, and we are well advised not to leave our liberty in someone else's hands. Further, I would suggest that charity is a distinctly personal, not a collective, matter.

President Cleveland vetoed a \$10,000 appropriation to purchase seed wheat for Texans who had suffered a drought. Included in his message was the point I wish to emphasize:

Federal aid in such cases encourages the expectation of paternal care on the part of the Government and weakens the sturdiness of our national character, *while it prevents the indulgence among our people of that kindly sentiment and conduct which strengthens the bonds of a common brotherhood.*

Can any person relieve himself of charitable concerns without losing a priceless ingredient of individual emergence? Does not a growth of the spirit and soul of man require that a concern for others be retained for strictly personal attention? President Cleveland gave an affirmative answer to these questions, as do I.

There are, however, millions with “ability” who wish to make their own decisions as to how the fruits of their own labor should be expended. They have judgments concerning people in their own orbits, based on intimate experiences and relationships, a knowledge which no agency—governmental or private—can possibly possess. Are these persons to be deprived of their own funds and the practice of personal charity denied to them because some others wish the government to pre-empt the welfare activity?

You, for instance, wish to practice an act of charity. But this voluntary act—one of the highest expressions of a common brotherhood—is thwarted when your honestly acquired income is taken by government. What was yours has been arbitrarily declared not yours; a “social” claim on your labor has been decreed. Indeed, government now operates on the theory that it has a first lien on your income and capital; your freedom of choice is severely restricted. As a consequence, you are restrained from practicing your own religion should your religion call for a personal charity toward others. The state will practice charity for you. A common brotherhood, by some quirk of reasoning, is to become a collective act of compulsion!

Then again, you may want to save that part of your income over and above your requirements for current living. Perhaps you may wish to “stash it under the mattress”! Who has any moral right to forbid it? Do strangers who didn’t earn it have any right, in logic and justice, to what you have earned?

More than likely, however, you will not act like King Midas but, rather, will invest your savings with the hope of some returns. This, beyond doubt, is one of the best ways to become a benefactor of mankind; for this is how capital formation is brought about. The capital is turned into tools and factories and power machinery—aids which help workers to produce more with their labor.^[10] This increased production can, in turn, be put to savings and family security.

It isn't possible to see other than harm done to the person with "ability" by the compulsory taking of his income.

The Person in Need

Now, to the second archetype: Does any able adult person "in need" really benefit by living on the *confiscated* income of others? Does this ever improve his character or his mental and physical faculties? His growth? Does anyone ever benefit by the removal of self-responsibility?

The something-for-nothing idea appears to flourish wherever there is a failure to grasp the purpose behind the struggle for existence. The fullest possible employment of one's faculties is what makes for strength of body, of character, of spirit, of intellect. Non-use of faculties leads to atrophy. The story of the wild duck that joined the domestic ducks, was fed, but later couldn't fly above the barnyard fence; of the gulls that fattened up at a shrimp plant but starved when it shut down; of the cattle that became accustomed to pen feeding and died rather than forage any more; of the hand-fed squirrels that laid up no nuts for the winter but bit the hands that fed them when the hands no longer held food—these and other stories of nature attest to principles of biology which are as applicable to persons who cannot use reason as to animals which lack the faculty of reason.

Life's problems—obstacles—are not without purpose. They aid the processes of self-development, as well as of selection and evolution. They demand of the individual that he gather new strength to hurdle each new obstacle. The art of becoming is composed of acts of overcoming.

It is no accident that the vast majority of top-ranking Americans, whatever their walk of life, are men whose careers have been associated with hardship and struggle. Rewards not associated with one's own effort tend to weaken the sinews which make for growth. Such rewards—

handouts—remove the necessity for production and invite potential producers to remain nonproducers. In short, there is an ever-present danger that they may encourage a person to become a parasite, living off what others produce. Parasitism is not associated with man's upgrading.

Only casual reflection on the principles of organization will make clear that responsibility and authority should always be commensurate; they are meant to go hand-in-hand. When the responsibility for one's own welfare is surrendered to government, it follows that the authority to conduct one's life goes where the responsibility is reposed. This is a matter over which we have no choice; it is a law of organization.

The idea set forth in the Declaration of Independence that each person has an inherent and inalienable right to life becomes meaningless when a person loses the authority for his own decisions and must act according to someone else's dictates. Unless an individual is self-controlling, his life is not truly his own. Before a life can be valued for its own sake—not simply a means to someone else's goal—that life must retain its own power to choose, along with its own quality, its own dignity. Without self-power, there is no basis for love, respect, and friendship, in short, a common brotherhood; the powerless person becomes either a puppet or an unwanted burden. Even a mother's love for an invalid child cannot exist unless it is voluntarily bestowed. Aged persons and others who depend on the income of others, confiscated by government, become mere numbers in the confused statistics of political bureaus. Neither bureaus nor statistics have the capacity for charity or a common brotherhood.

Keeping in mind Emerson's accurate observation that the end pre-exists in the means, it should be plain that the evil means of confiscating income must lead to an evil end to those who live on it.

Actually, we are dealing here with a problem arising from a double standard of morality. Comparatively few persons will take private property without the owner's consent. We think of that as stealing and frown on the practice. Yet we will form a collective—politically group ourselves—and take billions in income without consent; we thoughtlessly call it "doing good."

Doing politically what we reject doing individually in no manner alters the immorality of the act; it merely legalizes the wrong and, thus, gains social absolution for the criminal; giving it the political twist keeps one

from being tossed into jail! But to anyone who rejects the authoritarianism of a majority as much as that of a Stalin—to anyone who believes in the right to life and to one's honestly acquired property—no moral absolution is gained by legislation.

Those who think only materialistically may argue that the stealing of a loaf of bread is a loss to the person from whom it is taken but a gain to the thief, if the thief “gets away with it.” This is an incorrect view. The person from whom the loaf is taken loses only the loaf. But the one who takes the loaf without the owner's consent loses not only the respect of all who know him but loses also his integrity! Man can never realize his creative potentialities without integrity. This virtue lies at the root of emergence. To live on loot appears to be no further removed from evil than to take the loot.

Unless one believes in authoritarianism—that men should lord it over men, that some fallible humans should cast the rest of us in their little images—it is not possible to see anything but harm done to the person in “need” who is “aided” by taking the income of others without their consent.

The Authoritarian

And last, the third archetype: Of the three classifications of persons involved in social leveling by compulsion, the authoritarian—the one who administers the taking and the giving—has been too little diagnosed. It is not difficult to understand the discouragement and the destruction that come to the person from whom honest income is confiscated. Nor is it difficult to perceive the eroding of the moral fiber of those who become the “beneficiaries” of confiscated property. But what about “the humanitarian with the guillotine”—the well-meaning social reformer at the top of the political heap who uses the police force as his means of persuasion? Is harm done to him? Yes, though what happens to him may be difficult to portray.

The person who attempts by force to direct or rearrange the *creative* activities of others is in a very real sense a slave-master. And here is the crux of it: A slave-master becomes a slave himself when he enslaves others. If another has me on my back, holding me down, he is as permanently fastened on top of me as I am under him. Both of us are enslaved. True, he can, by force, keep me from being creative; but in so doing, his own energies must be diverted from creative to destructive actions. He cannot

upgrade himself while he is employing his energies to downgrade. One who only destroys is himself destroyed. This is the same as saying that he who practices only evil is himself evil. Man's usefulness to himself, to other men, to Creation's purpose is to be achieved only by personal upgrading. If I reason logically from my premise, it follows that I cannot be helpful to others except as others find in me something of a creative nature that is available to them—in a voluntary relationship.

Materialistically, the valuable person is the one who has money or tools to use or to lend, or goods or skills to exchange. Intellectually, the valuable person is the one who has knowledge and understanding which are available to others in search of knowledge and understanding. Spiritually, the valuable person is the one who, by reason of a love of righteousness, discovers some of the divine principles of the universe and becomes able to impart to others that which he has perceived—by deed as well as by word.

All aspects of upgrading are creative in character. Necessarily they first demand an attention to self—that is, to self-cultivation. Nothing creative is induced by compulsion. With the possible exception of a low form of imitation, compulsion has only the power to restrain, repress, suppress, penalize, destroy. By the use of sufficient force, I can keep you from acting creatively; but no amount of force can compel you to think, to invent, to discover, to attune yourself to the Infinite, the source of all knowledge and understanding. Compulsion is antagonistic to creativeness.

The point under discussion is this: I cannot indulge in my own upgrading at the same time I am inhibiting someone else's creative action. Therefore, to the extent that one's life is spent in using force to coerce others, to that extent is one's life destroyed, its higher purpose frustrated.

In a reference to political authority, Lord Acton observed, "Power tends to corrupt and absolute power corrupts absolutely." This warning is not to be taken lightly, for the evidence is all about us and the reason plain to see.

Observe the profound change that comes over men when they are given power over others. When acting as responsible, self-controlled human beings—when attending to their own affairs—they were admirable both in their thinking and in their behavior. Now let power over others be vested in them. In due course—usually soon—they begin to think like authoritarians; they talk like authoritarians; they act like authoritarians; for, indeed, they

are authoritarians. It is as if a chemical change had taken place in their persons.

Power or authority over the creative activities of others—that is, a responsibility for the creative behavior of others—is an assignment with an inevitably destructive consequence. Thus overburdened, a wielder of power eventually becomes intolerant, quick-tempered, irrational, disrespectful, and unrespected. How could he be expected to function as a strictly self-responsible individual under burdens which are not within his nature to shoulder?

Further, when in possession of political power over the creative actions of others, a fallible human being is almost certain to mistake this power for infallibility. The obeisance paid to a person in such authority, the drooling of the weak-willed who like to be led, the lies told by those who seek the favors he has the power to dispense—all these tend to aid and abet the process of his disintegration. It is not easy to reject flattery, regardless of its source. Indeed, the authoritarian loses his capacity to discriminate among sources. The mentality for directing others cannot simultaneously attend to the art of discrimination, the latter being a purely personal, introspective accomplishment of the intellect. This is why it is often said of authoritarians: “They surround themselves with ‘yes men.’” They cannot abide dissenters; in running the lives of others, they must have helpers who agree. This process spells inferiority for the life that erroneously claims superiority.

Daily experience affords a clue as to what happens to the person who accepts dictatorship in any of its many forms. For example, observe two persons, with somewhat different views, rationally discussing some subject of common interest. Each offers the other his most intelligent ideas, thus encouraging friendship and mutual confidence. This setting, plus the privacy of the occasion, combine to elicit from each the best that he has to offer. The exchange of intellectual energies is mutually beneficial, and the awareness of this fact encourages thinking and understanding.

Now, place these same two individuals on a stage before a multitude, or place a microphone between them and announce that 50 million people are listening in. Instantly, their mental processes will change. Thoughtfulness and the desire to understand each other will all but cease. No longer will they function as receiving sets, drawing on the expansible

capacities of their own and each other's intellects. They will become only sending stations; outgoing will take the place of intaking. And what they say will be influenced by how they think they sound to their audience and by their competition for applause. In short, they will become different persons because their psychological directives have changed. Those who forego self-improvement for the sake of directing the lives of others experience changes in their drives no less profound than the above illustration. The authoritarian act is always directed outward at other persons.

The directing of, or the meddling in, the creative activities of others—the dictator role—is so compellingly corrupting that no person, interested in his own upgrading, should ever accept the role. If he has made the error of acceptance, abdication for his own mental and spiritual health would seem advisable. The likelihood of corruption is so great that any person is warranted in confessing, “Even I cannot assume this role without being corrupted.”

Each Man Plays Many Parts

The three classifications discussed above are merely archetypes. In our country, today, it is almost impossible to find a person who is strictly representative of but one of the three archetypes. By reason of the scope of social leveling by compulsion, and because of our general participation in power politics, most of us are more or less combinations of all three archetypes. No one of us is entirely one or the other; no one of us is entirely free of the ill effects.

In summary, all of us are, to some extent, in this socialistic arrangement together. And all of us are degraded to the extent that social leveling by compulsion is practiced, whether we are primarily the ones with “ability,” the ones with “need,” or the ones who act as the coercive do-gooders or levelers.

The only way, then, that we can avoid personal degradation is to avoid social leveling by compulsion. Not a single person is benefited; all are harmed by socialism.

A positive suggestion! Let government confine itself to defending the life, liberty, and property of each of us equally; in short, let government

keep the peace! Leave all creative action to men acting freely, all creative energy flowing unrestrained and uninhibited. Only the release of creative energy can produce abundance, be it material, intellectual, or spiritual. Given these kinds of abundance, along with the unrestrained freedom to act creatively, and there will be as much good done by each for others as there is good within us to give.

[8] [See “A Break with the Prevailing Faith” (chapter 1 of *Anything That’s Peaceful*), which is chapter 3 of this collection.]

[9] Thomas J. Shelly, when he taught at Yonkers High School.

[10] The textile industry, by itself, uses 15 billion kilowatt-hours annually, electric power being only one of several forms. Bear in mind that the energy of one man working a whole year, on an eight-hour shift, is equivalent to 67 kilowatt-hours. This single industry, with this single form of power, adds the equivalent of 224,000,000 men—about triple the entire work force of the whole USA! It is this power in the hands of workers, in its numerous forms and extended into countless industries, *brought about by savings*, that has made American workers so prosperous. Thus, the saver, by pursuing his own interest, is led, regardless of intent, to equipping others for self-help. This is quite different from the Judeo-Christian concept of charity but, when it comes to helping others, savings have no equal.

How Socialism Harms the Economy

Our country has stumbled into socialism during the past half century; by now—1964—we have adopted nearly all the things socialists have long urged upon us. A reading of the ten points in the *Communist Manifesto* confirms this. We who are aware of socialism's built-in destructiveness have watched this trend with apprehension. Foreseeing the end result, we are forever predicting, or warning against, the impending catastrophe which we think hangs over our economy.

Our dire predictions, however, fail to ring bells with many people. As a rule they are met by the rejoinder, "We never had it so good." And, so far as statistical measurements of material well-being are concerned, that claim appears to hold water. Prosperity, according to the National Bureau of Economic Research, is reported to have increased as follows:

Today's national income of \$2,300 per capita is double what it was (in constant dollars) forty years ago, and it is higher in the face of a 70 percent increase in population and a 20 percent reduction in the hours of paid work per capita.

Output per man hour has grown over the same period at the average annual rate of 2.6 percent.

Today's higher income is more evenly distributed than the lower income of earlier years.

The economic difficulties of most everyone have been lessened through the establishment and broadening of various social welfare programs.

The four recessions we have encountered since World War II are among the milder in our history, which means an unusually long period free of serious depressions. [\[11\]](#)

Now, consider what has happened politically during this period. Statism, measured in terms of governmental expenditures per capita, has advanced from about \$80 in the years just after World War I to more than \$700 now. [\[12\]](#)

Small wonder, then, that most people, observing statism and prosperity advancing coincidentally over so long a period, conclude that the growth of statism is the cause of the increased prosperity! But if there is a positive correlation here, why not expand prosperity indefinitely by the mere expedient of increasing governmental expenditures? This absurdity needs no comment.

Nonetheless, it is true that the comeback, “We never had it so good,” cannot easily be proved wrong statistically. A man leaping from an airplane at high altitude will, for a time in his fall, have the feeling of lying on a cloud. For a moment he would be warranted in exclaiming, “I’ve never had it so good!” And only one familiar with physical principles such as the law of gravitation could prove to him that disaster lay ahead. Yet, some of us would *believe*, by reason of certain knowledge, that the man was not long for this world.

Some of us *believe* that the chant, “We’ve never had it so good,” is founded on a mistaken correlation. But more significantly, it overlooks moral realities which cannot be measured statistically. It is our conviction:

1. That the practice of dishonesty is evil and that retribution follows the doing of evil. Every evil act commits us to its retribution. The time lag between the committing of an evil act and our awareness that retribution is being visited upon us has nothing to do with the certainty of retribution; it has to do only with our own limited perception.
2. That there is no greater dishonesty than man effecting his own private gains at the expense of others. This is ego gone berserk; it is the coercive assertion of one’s supremacy as he defies and betrays his kind.
3. That statism is but socialized dishonesty; it is feathering the nests of some with feathers coercively plucked from others—on the grand scale. There is no moral—only a legal—distinction between petty thievery and political Robin Hoodism, which is to say, there is no

moral difference between the act of a pickpocket and the progressive income tax or any other piece of socialization.

Thus, many of us profoundly believe that we cannot maintain the present degree of statism, let alone drift further toward the omnipotent state, without our great economy flying to pieces. Nevertheless, we find it difficult to do more than express our misgivings and alarm. Why, precisely why, does the present course presage disaster? What will be the nature of that disaster? Perhaps the following explanation may be worth pondering.

A Societal Problem

At the outset, imagine an impossible situation: a population composed of self-sufficient individuals, no exchange of any kind between them—not even conversation. Moral qualities, such as honesty among men and the practice of the Golden Rule, would never be brought into play. Each might be congenitally dishonest and unjust; but with no practice of the evils, what visible difference would it make?

Now, assume the development of specialization and exchange. The greater and more rapid the development, the more dependent would be each individual on all the others. Carried far enough, each person would be completely removed from self-sufficiency and utterly dependent on the free, uninhibited exchanges of the numerous specializations. In this situation, a total failure in exchange would result in everyone's perishing.

Whenever we become economically dependent on each other—an inescapable consequence of a highly specialized production and exchange economy—we become equally dependent on the moral qualities of the participating individuals. No peaceful or free or willing exchange economy can exist among chronic liars and thieves; no such economy can long endure without a high degree of honesty. This is self-evident.

The degree of specialization in the USA today is without precedent in all history and, as a consequence, our dependence on each other is beyond the bounds of experience in this or any other country—ever! The question is, are we overly specialized and, thus, dangerously interdependent? I believe we are.

We are dangerously interdependent because so much of our specialization is unsound; it is not economic and natural but, instead, is governmentally forced and artificial. An economy founded on artificialities is in peril.

Economic specialization is the sturdy variety that blooms in the context of the peaceful, free, and unfettered market; it is the natural, technological outcropping of consumer requirements as reflected in voluntary, willing exchanges. Given these postulates, production, regardless of how specialized it is, generates its own purchasing power; balance is one of its built-in features.

Natural Specialization Welcomed

All advances in natural specialization improve the standard of living. It is true that interdependence increases with its growth, but without peril, for *economic interdependence is founded on consent*; the countless relationships are as firmly rooted in general harmony and acceptance as is the free exchange of 30 cents for a can of beans. In a free market transaction each party chalks up a gain, for each values what he receives more than what he gives; each party is in a thank-you mood. Check this assertion with your own shopping experiences.

Specialization of the free market variety develops an integrated interdependence because each person is his own man—the whole man; all the faculties are called upon in his interrelationships. The premium is on self-responsibility and honesty, these being the cohesive ingredients which make specialization and exchange a workable arrangement. To prove the validity of these affirmations, simply reflect on one's daily free market experiences with the purveyors of countless specializations: groceries by the hundreds, milk, school supplies, footwear, clothing, gas, electricity, on and on. The natural, peaceful, unfettered free market rewards—and gets—the honesty on which it relies.

Unnatural specialization, on the other hand, decreases rather than increases the standard of living. It does not have its origin in consent but in force. It is not the result of millions upon millions of judgments voluntarily rendered. It is, instead, founded on the whims, caprices—call these judgments, if you choose—of political persons and committees, the few

who have gained power over the rest of us. When these political “ins” take over a sector of society, they remove it from the area where free choice may be exercised by the millions of “outs.” Our faculties are less and less called upon; self-responsibility shifts to government or authoritarian responsibility—that of the political “ins.” The premium on honesty disappears as prizes are given more and more for bending to expediency, trading influence and special privileges, log-rolling, and the like. From this turnabout, the individual tends to become someone else’s man; that is, not the whole man but the fragmented man. Having forsworn independence or being deprived of it, men lose the incentive to be honest and self-responsible, and thus become incapable of true interdependence.

As I see it, socialization harms the economy (1) by spawning unnatural specializations and (2) by demoralizing the citizenry. Such moral qualities as self-responsibility and honesty are not exercised under socialism, and thus tend to wither away. And without these qualities, interdependence is unworkable. Moral qualities are gone with the wind when uprooted; it is self-evident that they do not exist except as they are practiced.

Natural specializations emerge from the willing exchange (free) market at work. The unnatural and unhappy alternative is for the government to forcibly collect income from citizens to employ individuals to specialize in occupations the willing exchange market would not support.

Exploring the Moon

Instead of trying to pick the danger point in this situation from the hopeless governmental complex in which it is embedded, let us first examine a single facet.

Take, for example, the moon project. What its ultimate, useful purpose is I cannot imagine. But putting aside personal prejudices against this multibillion dollar project, it is obvious that it would not, at this time, emerge from the free market. Now, consider the countless specializations that this single governmental project calls into existence. Take only one of them: finding out how to cushion the landing of a TV set on the moon. The specialists who devote themselves to this problem, and all who are dependent on them, have no way of living except as they are able to exchange the income given to them by government for food, clothing,

housing, and so on. But this income of theirs is not voluntarily supplied in the marketplace; government has forcibly taken it from the rest of us. Who would willingly exchange the food he raises for this service to the moon project? This project qualifies as an unnatural specialization; it is not bound into the economy by mutual consent as reflected by willing exchanges in a free market; it is bound into the economy by the exertion of governmental force or coercion.

That some unnatural specializations are economically tolerable is conceded, but this is an exceedingly limited tolerance. Merely imagine everyone specializing in activities for which no one would willingly exchange his income!

All governmental intervention has as its object a forcible altering of what people would do were they unrestrained. To the extent that government intervenes in free action to that extent is unnatural specialization brought into play. While most of us will concede that government should forcibly restrain fraud, violence, and the like, it does not take a skilled sociologist to understand what would happen to the economy were all citizens to specialize in policing. While the proper function of government is to keep the peace, citizens must be on the alert lest the bureaucracy pervert even this laudable objective. Too many soldiers and policemen are possible, as history attests. Not every corner requires a stop light. It is easy to be talked into a battleship or a supersonic bomber binge. If the bureaucracy is not checked, it will tend to build, in the name of peace, a defense against every conceivable contingency—so much “security” that “the secured” are without resources—helpless and hopeless.

However, my aim in this chapter is not to discuss the merit of this or that type of forcible intervention; it is, rather, to suggest that there comes a point in unnatural specializations beyond which extension is impossible without the economy flying to pieces. Suppose that everyone were engaged in one of the nonexchangeable services such as designing and constructing devices to cushion the landing of TV sets on the moon!

Unmarketable Specialties

Regardless of the need some may see for government golf courses or price supports or compulsory education of children or federally financed

hospitals or numberless other socializations, the fact is that tens of millions of American citizens in consequence are now engaged in and wholly dependent on *unmarketable* specializations—and the number grows apace. Increasingly, more and more millions are becoming dependent on such forced exchange of their unwanted specializations for those goods and services without which they cannot live. Even if the personal virtues of honesty and self-responsibility were at their highest state of development, instead of their present eroded state, such a system could not be made to work. Nothing but the total state—the police force in charge of everything—can cause us to exchange with each other goods and services none of us wants. And, the total state, as I have already tried to demonstrate, is noncreative. The possibility of a good economy disappears with the total state.

Bear in mind, when it comes to assessing prosperity and the state of the economy statistically, that dollars exchanged for unnatural specializations are counted as earned income precisely as if exchanged for natural specializations. This is a misleading fiction. For instance, there would be no decline in gross national product (GNP), as presently computed by government, if all of us indulged in unmarketable specializations provided, of course, that the state priced the specializations high enough and forced us to exchange them even while we are slowly starved!

Statistical measurements of economic well-being cannot gauge the honesty and self-responsibility of the citizens, nor can any statistics warn us when unnatural specializations are becoming top heavy; such is beyond the scope of statistical measurement.

If one wishes to know how socialism harms the economy, I suggest that much less attention be given to statistics than to the question: How much immoral action is being introduced into the economy? If socializing the means and the results of production is immoral, as I contend, then socialism harms the economy by introducing immorality into it. In short, watch moral trends, rather than numerical fictions, for danger signals.

[11] See *The Fortieth Annual Report* (New York: National Bureau of Economic Research, 1960).

[12] How closely does this approach what we call the “authoritarian state”? One way to make an estimate is to measure governmental take of earned income. In 1917 it was less than 10 percent. Today it is 36 percent. We must keep in mind, however, that a state of dictatorship can exist prior to a 100 percent take—perhaps at the halfway mark.

The Most Important Discovery in Economics

The socialistic or governmentally planned system presupposes bureaucrats competent to control the actions of others. The market economy, by contrast, rests on the free exchange of goods and services among ordinary citizens; it doesn't depend on supermen, not even one!

The Bible informs us that “the meek shall inherit the earth.” Quite obviously, “the meek” had no reference to the Mr. Milquetoasts in society but, rather, *to the teachable*. The teachable—those who aspire to an ever greater understanding—are those with an awareness of how little they know. Lest teachableness and inferiority be associated, consider a more likely correlation: teachableness and wisdom. Said Socrates, “This man thinks he knows something when he does not, whereas I, as I do not know anything, do not think I do either.” For such acknowledgments of fallibility, Socrates was acclaimed a wise man. He and many others—for instance, Lecomte du Noüy and Robert Milliken, scientists of our time—discovered, as they expanded their own consciousness, that they progressively exposed themselves to more and more of the unknown. Edison's fact-packed, inquiring, ever-curious mind concluded, “We don't know a millionth of one percent about anything. We are just emerging from the chimpanzee state.” These teachable persons came to realize how little they knew; and that, perhaps, is a measure of wisdom.

For the student of liberty and of economics, this poses an interesting question: Is it possible to have a workable, productive economy premised on a society of teachable individuals—those who know very little and know they know very little?

We can assume that such an economy would differ markedly from a society planned by those who have no question about their omniscience, those at the other end of the intellectual spectrum who see no difficulty at all in their design for arranging the lives of everyone else. Like the group of seven economists who voiced this authoritarian and unpeaceful view: “The

Federal government is our only instrument for guiding the economic destiny of the country.”[\[13\]](#)

The federal government, in such a role, must be staffed largely with those who are unaware of how little they know, who have no qualms about their ability to plan and regulate the national economic growth, set wages, prescribe hours of work, write the price tags for everything, decide how much of what shall be produced, expand or contract the money supply arbitrarily, set interest rates and rents, subsidize with other peoples’ earnings whatever activity strikes their fancy, lend billions not voluntarily entrusted to them, allocate the fruits of the labor of all to foreign governments of their choice—in short, decide what shall be taken from each Peter and how much of the “take” shall be paid to each Paul.

Government control and ownership of the means and/or the results of production is authoritarianism, be it called state interventionism, socialism, or communism. It rests on the premise that certain persons possess the intelligence to understand and guide all human action. It is advocated by those who sense no lack of omniscience in themselves, by the naive followers of such egotists, by the seekers of power over others, by those who foresee an advantage to themselves in these political manipulations, and by those “do-gooders” who fail to distinguish between police grants-in-aid and the Judeo-Christian principles of charity. All in all, they are a considerable number, but still a minority in terms of the tens of millions whose lives they would regulate.

The most important point to bear in mind is that socialism presupposes that government or officialdom is the endower, dispenser, and the source of men’s rights, as well as the guide, controller, and director of their energies. This is the Supremacy of Egotism: The State is God; *we* are the State!

The Egotist Examined

Let us then examine a typical egotist. It matters not whom you choose—a professor, a professional politician, a Napoleon, a Hitler, a Stalin—but the more pretentious the better. (As H. G. Wells put it, “A high-brow is a low-brow plus pretentiousness.”) Simply admit some supreme egotist into your mind’s eye and take stock of him. Study his private life. You will usually discover that his wife, his children, his neighbors, those in his hire, fail to

respond to his dictates in ways he thinks proper.^[14] This is to say, the egotist is frequently a failure in the very situations nearest and best known to him. Incongruously, he then concludes that he is called to manage whole societies—or even the world. Fie on anything small enough to occupy an ordinary man!

Let's further test the knowledge of the egotist. He wants to plan production; what does he know about it? Here, for example, is a company in the USA which manufactures well over 200,000 separate items. Not one person in the company knows what these items are, and there is no individual on the face of the earth, as I have demonstrated,^[15] who has the skills, by himself, to make a single one of them. It's a safe bet that the egotist under scrutiny has never been closer to this company than a textbook description of corporations in general by fellow egotists. Yet, he would put this intricate mechanism under the rigid control of government and would have no hesitancy at all in accepting the post of Chief Administrator. He would then arbitrarily allocate and price all raw materials and manpower and, after long and complicated statistics of the past, arbitrarily allocate and price the more than 200,000 finished products, most of which he never knew existed. Involved in the operations of this company alone—a mere fraction of the American economy—are incalculable human energy exchanges, but the egotist would manage these with a few “big man” gestures! Such cursory attention he would find necessary for, bear in mind, he also would have under his control the lives, livelihoods, and activities of nearly two hundred million individuals not directly associated with this company.

Next, what does the egotist know about exchange? In a specialized or division-of-labor economy like ours, exchange cannot be carried on by primitive barter. It is accomplished by countless interchanges interacting on one another with the aid of a generally accepted medium of exchange. The socialistic philosophy of the egotists presupposes that there are persons competent to regulate and control the volume and value of money and credit. Yet, surely no one person or committee is any more competent to manipulate the supply of money and credit to attain a definite end than he or a committee is able to make an automobile or a lead pencil!

An economy founded on nonexistent know-it-allness is patently absurd!

But, can there be a sensible rational economy founded on the premise of know-next-to-nothingness? An economy that would run rings around socialism? In short, is there a highly productive way of life which presupposes no human prescience, no infallibility, nothing beyond an awareness that it is simply not man's to pattern others in his own image? *There is such a way!*

For the Teachable

Contrary to socialism, this way of life is for teachable people who concede their fallibility—and it denies that government, staffed by fallible people, is the source of men's rights. It holds, as developed earlier, that rights to life, livelihood, and liberty are endowments of the Creator and that the purpose of government is to secure these rights. When Creativity is assumed to exist over and beyond the conscious mind of man, a whole new concept of man's relationship to man emerges. Man, once he conceives of himself in this setting, knows that he is not really knowledgeable but is, at best, only teachable. The greatest conscious fact of his life is his awareness of the Unknown.

To illustrate, let us observe how such a person “builds” his own house. He does not think of himself as actually having built it. No man living could do that. He thinks of himself as having done only an assembly job. He is aware of numerous preconditions, two of which are:

1. The provisioning of his materials done exclusively by others, the unbelievable complexity of which I tried to explain in the previous chapter.
2. A reasonable absence of destructive or unpeaceful actions. No thieves stole his supplies. His suppliers had not defrauded him nor had they misrepresented their wares. Violence, like coercively keeping others from working where they freely chose (strikes) or like coercively keeping others from freely exchanging the products of their labor (protectionism) had not succeeded in denying these services to him. In short, interferences with creative, peaceful efforts and exchanges had not reached the point where a house was impossible.

The teachable man, the one who knows how little he knows, is aware that creative energies, and creative energy exchanges, work miracles if unhampered. The evidence is all about him. There are his automobile, the coffee he drinks, the meat he eats, the clothes he wears, the symphony he hears, the books he reads, the paintings he enjoys, the velvet he touches and, above all, the insights or inspiration or ideas that come to him—from where he does not know. The teachable person looks with awe upon all creation.[\[16\]](#) He agrees that “only God can make a tree.” And he also understands that, in the final analysis, only God can build a house. Nature, Creation, God—use your own term—if not interfered with, will combine atoms into molecules which, in a certain configuration, will form a tree, in another a blade of grass, in still another a rose—mysteries upon mysteries! And, there are demonstrations readily apparent to the teachable person that the creative energies of men, when not interfered with, configure through space and time—and in response to human necessity and aspiration—to form houses, symphonies, food, clothes, airplanes... manufactured things in endless profusion.

The teachable person is likely to be aware of some wonderful cosmic force at work—a drawing, attracting, magnetic power—attending to perpetual creation. He may well conceive of himself as an agent through whom this power has the potentiality of flowing and, to the extent this occurs, to that degree does he have an opportunity to share in the processes of creation. As agent, his psychological problem is to rid himself of his own inhibitory influences—fear, superstition, anger, and the like—in order that this power may freely flow. He knows that he cannot dictate to it, direct it, or even get results by commanding, “Now I shall create a symphony” or “Now I shall discover a cure for the common cold” or “Now I shall invent a way of impressing upon others how little they know.” He is quite certain that he must not thwart this power as it pertains to his own personal being.

Let Energy Flow Freely

Society-wise, the teachable human being, the one who conceives of himself as agent through whom this mysterious, creative power has the potentiality of flowing, concedes that what applies to him must, perforce, apply to other human beings; that this same power has the potentiality of flowing through

them; that his own existence, livelihood, and opportunity to serve as an agency of that power *depends* on how well these others fare creatively. He realizes that he can no more dictate its flow in others than in himself. He knows only that he must not thwart it in others and that it is to his interest and theirs, and to the interest of all society, that there be no thwarting of this force in anyone. Leave this power alone and let it work its miracles!

Creative action cannot be induced by any form of authoritarianism, be the commands directed at oneself or at others. However, any idiot can thwart these actions in himself or in others precisely as he can thwart the forces of creation from manifesting themselves as a tree. He can prevent a tree from being, but he cannot make it be. Coercive force can only inhibit, restrain, penalize, destroy. It cannot create!

The teachable individual, being peaceful, imposes no inhibitions, restraints, or penalties on creative actions. He leaves them free to wend their miraculous courses.

The man who knows how little he knows would like to see the removal of all destructive obstacles to the flow of creative energy and energy exchanges. But, even this, he doesn't quite know how to accomplish. He would rely mostly on an improved understanding of the Golden Rule, the Ten Commandments, and other consistent ethical and moral principles. He hopes that more and more persons eventually will see that even their own self-interest is never served by impairing the creative actions of others, or living off them as parasites.

In summary, then, the teachable person is content to leave creative energies and their exchanges untouched; and he would rely primarily on ethical precepts and practices to keep these energy circuits free of destructive invasion. The governmental apparatus would merely assist these precepts and practices by defending the lives and property of all citizens equally; by protecting all willing exchanges and restraining all unwilling exchanges; by suppressing and penalizing all fraud, all misrepresentation, all violence, all predatory practices; by invoking a common justice under written law; in short, by keeping the peace!

Very well. So far, in theory, creative energies or actions and their exchanges are left unhampered. Destructive actions are self-disciplined or, if not, are restrained by the societal agency of law and defensive force. Is

that all? Does not the person who is aware of how little he knows have to know a lot of economics?

How Much Must Be Known?

The man mentioned previously, who “built” his own house, has about as much economic understanding as is necessary. He reflects on all the countless antecedent services which he assembled into a finished home. Originally, all of these items came from Nature. They were there when the Indians foraged this same territory. There was no price on them in their raw state—they were for free, so to speak. Yet, he paid—let us say—\$10,000 for them.

What was the payment for? Well, when we slice through all the economic terms, he paid for the human action that necessarily had to be applied to things of the good earth. He paid for actions and energies which he himself did not possess, or, possessing, did not choose to exert. Were he limited to his own energies to bring about the services antecedent to his assembly of them, he could not have built such a home in a thousand lifetimes.

These human actions for which he paid took several forms. Generalizing, his \$10,000 covered salaries and wages that had been paid for judgment, foresight, skill, initiative, enterprise, research, management, invention, physical exertion, chance discovery, know-how; interest that had been paid for self-denial or waiting; dividends that had been paid for risking; rent that had been paid for locational advantage—in short, all of the \$10,000 covered payments for one or another form of human action. Literally millions of individuals had a hand in the process. The major economic problem—the root of economic hassles—reduced to its simplest terms, revolves around the question of who is going to get how much of that \$10,000. How is economic justice to be determined? What part shall go to the grower of soybeans, to the investor in a saw mill, to the man who tends the machine that pours nails into wooden kegs, to the inventor of the machine, to the owner of the paint plant? *Who or what shall determine the answers?* This is the economic question of questions.

The Market Knows Best

How much economics does one have to know to settle, in one's own mind, how and by whom economic justice shall be rendered? He has to know and fully comprehend only this: Let the payment for each individual's contribution be determined by what others will offer in willing exchange. That's enough of economics for those who know they know not.[\[17\]](#)

This simple theory of value, the greatest discovery in economic science—never formalized until the year 1870—is known as the marginal utility theory of value. It also goes by two other names: “the subjective theory of value” and “the free market theory of value.” Testimony to its simplicity was given by Eugen von Böhm-Bawerk, perhaps its greatest theoretician:

And so the intellectual labor that people have to perform in estimating subjective value is not so astounding as may appear ... incidentally, even if it were a considerably greater task than it actually is, one could still confidently entrust it to “John Doe and Richard Roe.” ... For centuries, long before science set up the doctrine of marginal utility, the common man was accustomed to seek things and abandon things ... he practiced the doctrine of marginal utility before economic theory discovered it.[\[18\]](#)

The labor theory of value held scholarly sway prior to this free market theory. It contended that value was determined by the amount of effort expended or fatigue incurred. For example, some persons make mud pies, others mince pies. The same effort, let us assume, is expended in the preparation of each. Under the labor theory of value the mud pie makers should receive the same return for their efforts as the mince pie makers. The only way to accomplish this—consumers being unwilling to exchange the fruits of their labor for mud pies—is for the government to subsidize the mud pie makers by taking from the mince pie makers. Karl Marx elaborated upon and helped systematize this theory—governments taking from the productive and subsidizing the less productive.

The labor theory of value, proved over and over again to be the enemy of both justice and sound economics, nonetheless continues to gain in popular acceptance. Emotional reactions to effort expended and fatigue incurred do not readily give way to reason. Sentimental thoughts such as “the poor, hard-working farmers” set the political stage for agricultural subsidies. Similarly, sympathies which emanate from such outmoded and erroneous reflections as “the down-trodden laboring man” condition most people to accept the coercive powers allowed labor unions.

Practice of the labor theory of value is rationalized by spenders, inflationists, Keynesians, egotists, on the ground that it puts purchasing power in the hands of those who will spend it. As set forth earlier, this man-concocted system of forcibly controlling creative human action—interventionism, socialism, communism—presupposes all-knowing bureaucrats; but, to date, not a single one has been found—not even a reasonable facsimile thereof. The free market, on the other hand, is for the teachable, who know their own limitations, who feel no compulsions to play God, and who put their faith in voluntary, willing exchange—a manner of human relationships that miraculously works economic wonders for all without requiring infallibility of anyone.

[13] Quoted in *First National City Bank Letter* (August 1959), 90.

[14] Napoleon’s domestic affairs were a mess and his numerous family drove him to distraction; Hitler was an indifferent paper hanger; Stalin tried first theology and then train robbery before he elected bureaucracy and dictatorship; many bureaucrats charged with great affairs have no record of personal success.

[15] [See chapter 1 (“I, Pencil”) of this collection.]

[16] “If I may coin a new English word to translate a much nicer old Greek word, ‘wanting-to-know-it-ness’ was their characteristic; wonder ... was the mother of their philosophy.” T. R. Glover, *The Challenge of the Greek* (New York: Macmillan Company, 1942), 6–7.

[17] There are some who will contend that one must understand money, the medium of exchange. This, also, is an impossible requirement. For extended comments on this point of view, see my *Government: An Ideal Concept* (Irvington-on-Hudson, NY: Foundation for Economic Education, 1954), 80–91.

[18] From Eugen von Böhm-Bawerk, *Capital and Interest*, vol. II (South Holland, Illinois: Libertarian Press, 1959), 203–4. This volume may be the best treatise on the marginal utility theory of value extant.

The Greatest Computer on Earth

When a person does not know how little he knows, he may try to change a room's temperature by monkeying with the thermometer; or, equally absurd, he may tamper with prices to control the market.

Wherever there are people, there will be a market of some sort. The market can no more be eliminated than can its primary components—production and exchange.

Further, the market, be it rigged or free, is an enormously complex computer. It receives the data fed into it and gives off signals in the form of prices. Keep in mind, however, that a computer cannot exercise judgment; its answers merely reflect the data it receives; feed it wrong data and its pricing signals will be misleading or, as they say in the computer profession, “GIGO!” (*Garbage In, Garbage Out*).[\[19\]](#)

Consider, first, the free market computer, as if it really existed. Billions of data flow into it continuously. The data are composed of every wish, desire, fancy, whim, like, and dislike of every person on earth. Included in the data are all efficiencies, inefficiencies, inventions, discoveries, as well as the reports of all rising and falling supplies and demands. All degrees and variations of competitive forces and all bidding and asking prices of all goods and services are grist for the mill. Even people's anticipation of how a flood or a drought or a freeze might modify supply are automatically admitted, as are expectations of managerial competence or failure or the effects of a President's ideas or the state of his health or whatever.

The Ideal Free Market

The free market computer gives accurate answers in prices, signaling to all would-be entrepreneurs to get into production or get out, to step up or diminish particular economic activities. Supply and demand thus tend, automatically, toward equilibrium. The free market computer is truly free: its accurately instructive answers are founded on *free* exchange data; its

services are *free*, with no more cost than the sun's energy; it *frees* each and all of us from the impossible task of assembling the billions upon billions of data behind our daily decisions.

The free market computer has never been permitted to function on a worldwide basis. It has had only partial, regional, short-run trials. Certainly, one of the most comprehensive tests occurred in the USA during the century beginning about 1830. Perhaps the small Crown Colony of Hong Kong affords the best test at this moment in history. We do know from a study of the evidence, as well as from *a priori* reasoning, that the less the free market computer is interfered with or "rigged" the better do people prosper, the more nearly universal is economic well-being. The term GIGO is never applicable to the free market computer; the complex data are truthful, unrigged expressions of the universal economic situation in its continuous ebb and flow, and the price signals, ever changing, are accurate responses thereto.

The USA Market

Consider, second, something quite different, the USA market computer as it presently exists. Many of the data are not derived from free exchange and free choice; they are politically rigged. Numerous prices for goods and services are arbitrarily set by government or by politically powerful pressure groups: minimum wages, maximum rent, ceilings on earnings, interest, transportation charges, and so on. What and how much one may plant on his own land is more and more determined not by free choice but by political decrees backed by police force. The fruits of one's own labor are increasingly siphoned off for urban renewal, paying farmers not to farm, putting men on the moon, subsidies, below-cost pricing of items such as TVA electricity rates, and countless other pet projects. Unpeaceful interventions in the market!

But the signals given off by the present USA computer reflect the data we force-feed it—in the same manner as any computer. No more judgment is exercised by one than by the other. Many of the data of the USA market computer are erroneous; the price signals, as stop and go signs, are and must be to some extent misleading; there is a generous portion of GIGO!

When entrepreneurs act on misleading signals, they drain or glut the market; that is, they create shortages or surpluses—phenomena of the rigged, not the free, market. To illustrate: Suppose you were in charge of the boiler room supplying a 70 degree climate to a factory and that you adjusted the heat supply by a thermometer’s signals. Now, imagine that someone changes the calibrations so that an actual 70 degree temperature now registers 80 degrees on the distorted scale. There would soon be a shortage of heat in the factory. Or if the actual 70 degrees were made to register 60 degrees, you would send the factory a surplus of heat. Monkeying with the thermometer—rigging, it is called—creates shortages or surpluses.

Observe what happens to the market when the computer’s signals (prices) are rigged. Mink coats, for example, are not now in short supply. They are on display in stores throughout the nation. But let the government decree that the ceiling price on mink coats shall not exceed \$25 and immediately there will be a shortage of perhaps 50,000,000 mink coats. Why? Because no one wants to sell them for such a price and because there are that many women who have \$25 and desire a mink coat! For evidence, merely recall OPA days.

Next, observe how rigging can and does bring about surpluses: Let the government decree “support prices,” that is, guaranteed prices over and beyond what a free market computer would signal, and entrepreneurs will produce more than the market will take. This explains why we now cram into ships, warehouses, granaries, and whatever kind of storage government can lay its hands on, some 1,330,000,000 bushels of wheat, more than 205,000,000 pounds of butter, 289,000 pounds of tung oil, 335,000,000 bales of cotton, 1,700,000 gallons of turpentine, 34,140,400, 000 pounds of grain sorghum, 1,412,193,000 bushels of corn—the list grows wearisome!
[\[20\]](#)

The Russian Market

Consider, third, something very much different, the Russian market computer as it now exists. It is out of kilter and noninstructive simply because practically all data are rigged, riggers being in complete control over there. Free choice is at a minimum. What can be produced and what consumed is politically dictated by the riggers. Prices, too, are rigged; for in

a command economy it is not possible for prices to be set in any other manner. Thus, the Russian market computer is fed “garbage in” on so grand a scale that price signals are quite useless as production guides.

The Russians, so far as we can learn, have admitted the free market computer to operate in one tiny segment of their economy. A small fraction of the tillable land is (in effect) privately owned, and freedom of choice is granted as to what’s produced and how it is priced. The results, while fantastic, come as no surprise to anyone with an awareness of how freedom principles work when put in practice: Private plots make up only 3 to 5 percent of Russia’s farm land, yet they yield a product astonishingly out of proportion to that small fraction. In 1959, some 47 percent of the USSR’s meat came from this fraction of land, 49 percent of the milk, 82 percent of the eggs, 65 percent of the potatoes, and 53 percent of the vegetables.[\[21\]](#)

Within this limited area of choice for the Russians, economic calculation is made easy. They do not know (nor need they know) a thing about the complex data that is fed into their little, isolated market computer. By merely observing a few of its signals—prices—as do those of us privileged to live in freer societies, they know, to some extent, what and what not to produce; that is, they are automatically informed as to the best allocation of their own scarce resources. Aside from this islet of agricultural freedom, economic calculation in Russia is out of the question.[\[22\]](#) As a consequence, nothing better than political calculation—bungling guesstimates—is possible. The Russian political riggers, in making their guesstimates, do take peeks at the other market computers in the world, most of these others being more or less instructive, depending on the extent to which they are founded on free exchange.[\[23\]](#) For instance, if to remove our own wheat glut, brought on by our own political rigging, we offer our surplus at a price below which the Russian Commissars guess it will cost them to raise wheat by slave labor, the Commissars will effect some sort of a deal with us. By so doing they can then force their own wheat-growing slave labor into other endeavors, perhaps into producing military hardware. But the signals from these other market computers are not received *automatically* into the Russian market computer, for it is jammed; if you like, it is surrounded by an Iron Curtain. The Commissars, alone, can hear the signals; but, not being producers, what can they do with them? Any market computer, to function perfectly, must automatically receive all

complex data, and this is impossible unless there be freedom in exchange. This prime requirement is not met in the Russian situation since the free flow of goods and services across the borders is no more than a trickle.

Freedom in Exchange

To repeat, the free market computer renders its services for free, and it frees us from the impossible task of collecting billions of flowing data but—and this is the all-important point—*freedom in exchanges* is an absolute, unmodifiable condition. Freedom in exchanges is the key, the secret—a secret, I must add, which is all too well kept!

The secret reveals itself easily enough if we will conceive of human action for what it really is: human energy in motion—a flowing performance. Potential human energy is enormous, and all creative human energy is incalculably varied; there are as many variations as there are persons; no two of these creative energies are alike. However, potential, creative, human energy, to be useful, must become kinetic, flowing, performing energy. But it cannot flow except as it is freely exchangeable. [24] Imagine anyone trying to exist exclusively by his own energy. Were each of us dependent entirely on this type of creative energy, all of us would perish.

To repeat, the reason that the Russian market computer does not and cannot receive accurate data is because the Soviets do not allow freedom in exchange, that is, they do not let world prices freely interact on and influence Russian prices. Their authoritarianism cuts off the current, so to speak. Only a free market price carries an accurate and instructive message for future production and exchange

The point is clear enough if we keep in mind that only free exchange data accurately reflect value, *the value of any good or service being what others will give for it in willing exchange*. Data founded on unwilling or unfree (rigged) exchange carry no value messages; it is “garbage in” and, thus, valueless.

A Russian or Polish Commissar, for instance, can be informed of USA prices—signals from the USA market computer—in a fraction of a second. Yet, if these prices of ours are founded on rigged data and fed into our own market computer—such as our wheat prices—the rapid communication is

nothing but the speedy communication of GIGO. Only if USA prices are based on free exchange do they have useful instruction to us, to the Russians, or to any other people. To confirm this important point, reflect on how completely we dismiss Russian prices. They have no instruction for us whatsoever, indeed, not even for the Russians themselves—except in the case of their little, free market plots. The distinction between Russian and USA price signals is that theirs are founded entirely on GIGO, ours only partially so. Were giant Russia a free port, like little Hong Kong, all the world would look to Russian prices for instruction. When we wish to know the real value of gold, for instance, we ask its price where it is freely traded, where there is freedom in exchange. Were all the world's gold freely exchangeable, the market computer would give us a precise, accurate, and instructive answer as to its value. (This is not to say that governmental intervention has no effect on prices; it most certainly has. But the effect is in the form of misleading, not instructive, prices and value.)

Before presenting some work-a-day examples of the market-as-computer concept, it is relevant to ask how many market computers presently exist. Were there no rigging at all in our or any other country—that is, were freedom in exchange universal—there would be but a single, universal market computer. All the data flowing into it would be accurate as would the signals in the form of prices. However, economic understanding is and always has been faulty; thus, no such market computer has ever existed nor is it likely to. The ideal has never been permitted; so, in its stead, we have literally thousands of market computers, the GIGO factor ranging from fractional to complete. If economic understanding advances, the number of market computers will lessen and their performance will improve. We can hope for nothing more than moving toward the ideal.

The Provisioning of Paris

Now for an example by Frédéric Bastiat, a remarkably astute economic observer. Certainly, the French market computer of 1846 was considerably rigged; yet, relative to others at that time and since, it was in good working order. Wrote Bastiat:

On entering Paris, which I had come to visit, I said to myself—Here are a million of human beings who would all die in a short time if provisions of every kind ceased to flow towards this great metropolis. Imagination is baffled when it tries to appreciate the vast multiplicity of commodities which must enter tomorrow through the barriers in order to preserve the inhabitants from falling prey to the convulsions of famine, rebellion, and pillage. And yet all sleep at this moment, and their peaceful slumbers are not disturbed for a single instant by the prospect of such a frightful catastrophe. On the other hand, eighty provinces have been laboring today, without concert, without any mutual understanding, for the provisioning of Paris. How does each succeeding day bring what is wanted, nothing more, nothing less, to so gigantic a market? What, then, is the ingenious and secret power which governs the astonishing regularity of movements so complicated, a regularity in which everybody has implicit faith, although happiness and life itself are at stake? That power is an absolute principle, the principle of *freedom in transactions*.... In what situation, I would ask, would the inhabitants of Paris be if a minister should take it into his head to substitute for this power the combinations of his own genius, however superior we might suppose them to be—if he thought to subject to his supreme direction this prodigious mechanism [market computer], to hold the springs of it in his hands, to decide by whom, or in what manner, or on what conditions, everything needed should be produced, transported, exchanged, and consumed? Truly, there may be much suffering within the walls of Paris—poverty, despair, perhaps starvation, causing more tears to flow than ardent charity is able to dry up; but I affirm that it is probable, nay, that it is certain, that the arbitrary intervention of government [rigging] would multiply infinitely those sufferings, and spread over all our fellow-citizens those evils which at present affect only a small number of them. [\[25\]](#)

Few of us, when viewing Paris or New York City or our home town, ever discern the miracle wrought by freedom in exchange as clearly as did Bastiat. Nor do we readily see that such a fantastic performance as the automatic provisioning of Paris could never be turned over to a government official and his minions without disaster. These people from the eighty French provinces were unaware of what the other millions of producers and distributors were doing; they had no firsthand knowledge of the shifting in tastes and fancies of Parisian consumers. Of the countless data, these anonymous producers knew nothing. All they did was to let their own self-interest respond to the market computer's relatively few signals: prices. Their instructions were received from prices. To the extent that the prices were reflections of free exchange data, to that extent were the instructions faithful guides. To the extent that the data were rigged, to that extent were the instructions misleading. That the data were more right than wrong is self-evident: the million people in Paris were provisioned with no more thought on the part of each than you or I give to the supplying of a restaurant in Hong Kong where we plan to dine next month.

Nor need we confine our reflections to such miracles as the provisioning of cities. What about producing a jet plane or an automobile or a ballpoint pen? No single person on earth knows how to make anyone of these or tens of thousands of other fabricated items by which we live. The participants in the making of a cup of coffee—growers, makers of bags, and so on by the thousands—are not, by and large, even aware of each other's existence. They do not work as a coffee committee or in conscious concert. With no attention to or thought of each other, these countless producers and distributors merely watch prices: stop and go signals from the market computers. Presto! We who want coffee have it on our tables with no more part in it than the brewing, and voluntarily parting with a fraction of our income: willing or free exchange.

No Rigging in Free Market

The market is a computer; the rigged market is GIGO to the extent that it is rigged and, thus, to that extent, imperfect. The free market is the perfect computer. This is not the claim of a partisan but hard fact. It merely means that values—as determined by willing exchange—are computed freely, that

is, without intervention, distortion, rigging. To assert that the free market is the perfect computer is as axiomatic as asserting that a flow is perfectly free if wholly unobstructed.

Computers, with the speed of light, give impersonal answers or signals from the data fed to them. Men, like mice gnawing among the labyrinth of wires in a telephone exchange, can and do rig and, thus, distort, disfigure, and destroy many of the data. The motives for so doing include protection against competition, a belief that value is determined by the amount of effort exerted, a falsely presumed ability to run the lives of others, a conviction that the communistic maxim “from each according to ability, to each according to need” can be administered by force without injustice, the insistence on feathering one’s own nest at the expense of others, and countless additional motivations. But, regardless of the reasons, the rigger imposes his errant ways on all the rest of us; he plays authoritarian!

The free market computer is the Golden Rule in economic practice. Value has nothing whatsoever to do with effort exerted; value is what others will willingly exchange for one’s goods or services. The market respects the wishes and performances of everyone impersonally. There are no favorites. It is the only means there is for the automatic and speedy allocation of scarce resources—that is, it is the method for bringing a scarce and high-priced good or service within the reach of those whose incomes are lowest. It is the miracle worker, demonstrated daily, over and over again, before our eyes.

A free market, of course, is out of the question except among a people who prize liberty and know the imperatives of liberty. Liberty, I must repeat, is not a one-man term but, like the free market, finds its complete realization in universal practice: every man on earth is born with as much right to his life, his livelihood, his liberty as I. No one can rationally prize liberty for himself without wishing liberty for others.

To realize liberty, to tear ourselves loose from political rigging, to unshackle creative energy, to achieve freedom in transactions, does not, as many contend, require that the individual wait until all others take these steps in unison with him. Implicit in such a council of delay is the taking of no steps by anyone, and this is fatal to liberty. An individual can stand for liberty all by himself; a nation can practice liberty to its own glory and strength though all other states be slave. The blessings of liberty are

conferred on all who live by her credo; and basic to liberty is the unrigged market computer.

[19] The pros pronounce it “guy-go.”

[20] See *Agricultural Statistics* (Washington, DC: US Government Printing Office, 1962), 632.

[21] *Wall Street Journal*, May 17, 1961. Also see “Private Farming Big Aid to Soviet,” *New York Times*, November 28, 1960.

[22] Professor Ludwig von Mises deserves the greatest praise for logically demonstrating that the socialist community is incapable of economic calculation. See his *Socialism* (New Haven: Yale University Press, 1953), 113–22. Refer also to Trygve J. B. Hoff, “Soviet Economists Part Company with Marx,” *The Freeman*, September 1960.

[23] Aleksy Wakar and Janusz Zielinski, leading professors of the Central Planning School of Poland, astonishingly for socialists, say, “The best methods of producing a given output cannot be chosen [by socialist methods of calculation] but are taken from outside the [socialist] system ... i.e., methods of production used in the past, or so-called ‘advanced’ methods of production, *usually taken from the practice of more advanced countries and used as data for plan-building* by the [socialist] country under consideration” (italics mine). See *Journal of the American Economic Association*, March 1963.

Anyone’s concept of correct economic theory will be improved by grasping the significance of economic calculation. For a dear, simple, and excellent explanation see Dean Russell, “Play Store Economics,” *The Freeman*, January 1964.

[24] Free exchange can never be wholly squelched, regardless of how powerful the dictatorship. People, to live, will smuggle and form black markets. For instance, it is generally supposed that the useful goods and services in Russia, such as they are, originate with socialism—the

Kremlin's rigging. Nothing of the sort! The Russian people are bursting with creative energy. What actually is witnessed in the production of useful goods and services is but the result of pent-up creative energy forcing its way through the political rigging. The Kremlin, being composed of political riggers and not economists, erroneously concludes that the escaping, free energy is its accomplishment! Indeed, if it were not for the fact that most Russians, in most of their dealings, "cheat" against the theoretical communist system, they would all starve to death.

[25] This extract is from *Social Fallacies* (Santa Ana, CA: Register Publishing Company, 1944).

The Service Motive

Think success, and you will automatically create the circumstances and the movements leading to success.

—Michael Lombardi

As Ralph Waldo Emerson wrote, “an institution is but the lengthening shadow of one man.” The one man, an outstanding exemplar and practitioner of this thesis, was a Japanese—Konosuke Matsushita. [\[26\]](#) Born with a silver spoon in his mouth? Quite the opposite:

Yet all he had to start with in life were “three disadvantages”: he was in dire poverty; he was forced to quit school to work as an errand boy at the age of nine; and he was so frail in health that several times he resigned himself to imminent death.

Did he overcome his disadvantages? He developed the largest and most profitable business in Japan’s history!

Instead of being born with a silver spoon in his mouth, he was born with a golden idea in his head. Here it is:

He began by thinking about abundance and decided that *the mission* of a manufacturer should be to take scarce resources, convert them into products, making them available at decreasing prices that a better life might be had by all!

Reflect on such an unusual—indeed, exceptional—mission by a manufacturer. While Matsushita insisted on profitability as the true measure of management efficiency, he explicitly forbade the pursuit of profit as the motivation of his business. The motivation must be better and better

products and at lower and lower prices. He cast his eye on service—serving the consumer[27]—rather than profitability. By so doing, his customers had more for less and a remarkable profitability was the result: the true measure of management efficiency.

Materially, this man began in abject poverty; physically, he was frail; intellectually, he was graced with a wholesome motivation and the good thoughts that made it workable. For him, good thoughts were the wellspring of material success and a life of creative activity. Let us hope that good thoughts may direct our lives as well!

Am I suggesting that the great thought—the service motive—was original with Matsushita? No, but he may have thought it was. Countless persons have had this thought; it popped into their heads, as we say. Wrote Goethe: “All truly wise thoughts have been thought already thousands of times.” This truly wise thought was phrased in resplendent clarity by Arthur F. Sheldon *previous* to its adoption and practice by Matsushita:

The science of business is the *science of service* and he profits most who serves best.

Sheldon’s statement was adopted as the motto of Rotary International—members by the hundreds of thousands in this and other countries.

There is no way of telling how many Rotarians are inspired by and heed their adopted motto, or merely give it lip service. Perhaps, as with ever so many others in today’s USA, the service motto is practiced with no reference to or awareness of wise admonitions. When men are free to try, countless thousands are motivated by an ever-improving service to consumers. To those with good minds, *casting the eye aright comes naturally!*

The success of service! I have friends who are in business all by themselves whose sole motivation is service. They think success, practice the key to success, and automatically create the circumstances and movements leading to success.

Further, I am acquainted with managements of small and large corporations who not only have service as their motivation but instill this same high objective in their associates. The result is the same as in Matsushita’s case: employees work not *for* but *with* these managements. A

teamwork glorious to behold! When and if service is the root, the flower is profit. *He profits most who serves best!*

All of us should remember and repeat this great truth by Edmund Burke: “Example is the school of mankind; they learn at no other.” Many thousands of businessmen—small and large operations—are lamenting the very low esteem in which business is held by the public. And, mostly, they are resorting to all sorts of schemes to restore respect and confidence in business. Many of these schemes are doing more harm than good. The only remedy? Exemplary conduct! The millions in the school of mankind will learn only by *example*.

Let service be the motive, that Golden Idea in the head of entrepreneurs. Such exemplarity will curb the tendency to defame the producers of goods and services. There’ll be a turnabout: the beneficiaries will pay homage to those who serve them best.

If those of us in business will adhere to the service motive, then the right—freedom to act creatively as anyone chooses—will prevail.

[26] See Rowland Gould, *The Matsushita Phenomenon* (Tokyo: Diamond Publishing, 1970).

[27] For an excellent article relating to Matsushita’s motivation see Bertel Sparks, “Caveat Emptor: The Consumer’s Badge of Authority,” *The Freeman*, June 1975.

Why Freedom Works Its Wonders

You read of but one wise man, and all that he knew was—
that he knew nothing.

—William Congreve

Here is my explanation of why men, when free to try and to act creatively as they please, produce miracles by the millions. Is mine the right and final answer? No such claim is warranted by me on this subject or by anyone on any subject. Nevertheless, I am bound to seek for and to share with others that which seems to be right.

The wise man referred to by the English dramatist, Congreve (1670–1729), was Socrates. It wasn't that this great Greek knew nothing. Everyone above the moronic level knows a wee bit of something. The wisdom of Socrates might be thus paraphrased:

The more I know the more I know there is to know. The
more I see the more I know there is to be seen.

Not many of us see ourselves in this light. Only rarely do we encounter anyone who is keenly aware that the more he knows the more he knows he doesn't know. Yet, in this Socratic wisdom lies the explanation as to why freedom works its wonders.

Interestingly, freedom serves us well despite our unawareness. Why, then, dwell on the matter? The danger is that those who haven't the slightest idea of how little they know will become our masters. Indeed, we have, for some time, been on that deplorable road. The know-it-alls have been gaining and exercising political power. So, it's high time that power be withdrawn. How? Socratic wisdom is the key.

How explain that the more I know the more I know there is to know or the more I see the more I know there is to be seen? The answer relates to

the distinction between Infinite Consciousness—the limitless unknown—and finite consciousness—our infinitesimal bits of know-how.

To assist in making the point here at issue, visualize a blackboard having no boundaries—none whatsoever—the unknown. Next, with white chalk draw a circle the size of a silver dollar to symbolize consciousness achieved, say, ten years ago. Now, draw a circle five feet in diameter to symbolize today's consciousness—an admirable growth. But take note of this fact: the circumference, the exposure to darkness—the unknown—is nearly 100 times that of a decade ago! *The more a growth in consciousness is experienced, the nearer one comes to a realization that he knows nothing.* Socrates was wise, indeed!

Unfortunately, those who experience no growth in awareness, perception, consciousness won't understand my illustration either. Unless one is daily becoming more and more aware of how little he knows or sees, he is not growing! Rather, he is dying on the vine, as the saying goes—stalemated! Thank heaven there are individuals who experience growth and who can see why freedom works its wonders—admittedly, an elusive truth. We need only keep these points in mind:

1. A realization that every individual, regardless of pompous claims to the contrary, knows next to nothing.
2. Among the more than 200 million persons who inhabit the USA, no two are remotely alike. Each possesses, at best, a wee bit of expertise unlike that of any other individual.
3. The only wisdom that graces us with an abundance of goods and services stems *exclusively* from these millions of infinitesimal know-hows freely flowing and configuring. Everyone of these blessings is an aggregation of tiny think-of-thats—no exceptions!

To me, it is self-evident that we should leave all creative activities—education or whatever—to the free and unfettered market where the wisdom is. What can be more absurd than leaving our welfare to those who have no awareness that they know not, that is, to such low-grade ignorance.

No one knows how to make such a simple thing as an ordinary wooden lead pencil. So, what about complex things such as a 747 jet airplane? That transportation marvel has about 4,500,000 parts, and not a man on earth

knows how to make anyone of these parts. When aloft in one of these miracles of the market, I often reflect on a remarkable blessing: the Socratic wisdom.

As I have written before, “What gives socialism the *appearance* of working is the freedom socialism has not yet destroyed.”[\[28\]](#) Or phrase it this way: What gives those who are unaware of their know-nothing-ness the appearance of being responsible for our prosperity is the wisdom of the market they have not yet eliminated.

Appearances! How false and misleading most of them are, particularly in the politico-economic realm. Here are several thoughts on appearances by a few graced with Socratic wisdom, including Socrates himself:

Judge not according to the appearance. —*John 7:24*

Always scorn appearance, and you always may. —*Emerson*

We should look to the mind, and not to the outward appearance. —*Aesop*

We are deceived by the appearance of right. —*Horace*

There is no trusting in appearance. —*Sheridan*

Don't rely too much on labels for often they are fables. —*Spurgeon*

You look wise. Pray correct that error. —*Lamb*

The final good and the supreme duty of the wise man is to resist appearance. —*Cicero*

Beware, so long as you live, of judging men by their outward appearance. —*La Fontaine*

The shortest and surest way to live with honor in the world, is to be in reality what we would appear to be. —*Socrates*

As to how we should proceed not only to preserve but to increase the wonders wrought by freedom, the answer is as easy to state as it is difficult to accomplish.

Pay no heed to appearances! Look clearly through the political fog!

In appraising a person, whether he be in or out of office, examine his avowed principles. Should the individual claim a devotion to freedom, then determine if his practices are consistent therewith—no “buts,” no “leaks”! If his practices belie his preaching, place no faith in him. But if he consistently practices the freedom he espouses, he will be a worthy partner in explaining where the wisdom is and why its miraculous accomplishments.

For encouragement, reflect on the growing number who are coming to light as partners in this intellectual enterprise. We discover more and more of them from the near and ancient past. And I am personally acquainted with several thousand who have achieved this goal in recent years. But even more encouraging are the countless thousands seeking and discovering this truth, not a fraction of 1 percent of whom ever heard of you or me or we of them. The point is that any friend of freedom is a friend of yours and mine. None of us stands alone.

To claim that the wisdom in the free and unfettered market is a trillion times greater than possessed by any single person would be a gross understatement. Of one point we can be certain: there are enough individuals sufficiently wise to see through all the sham and to capture and exemplify this truth.

THE TRUTH SHALL MAKE YOU FREE!

[28] See “An American Mirage” in my book, *Awake for Freedom’s Sake*.

Asleep at the Switch

When they are asleep you cannot tell a good man from a bad one.

—Aristotle

The metaphor “asleep at the switch” means “not alert to a duty or opportunity,” the sense in which it is here used.

No one remembers falling asleep! The moment of dropping off is lost to us; we only remember coming awake—if indeed we ever do awake! As to duties and opportunities—unlimited—no person has awakened to more than an infinitesimal few of them. Those of us now asleep at the switch either have never awakened or, if temporarily aroused by this or that, have since lost interest and fallen back into a lifelong slumber. This appears to explain why so many of us are dead to the world of wonders, to the exciting duties and opportunities of our earthly existence.

When it comes to liberty, all but a few are asleep at the switch, dead to this remarkable wonder that opens the door to opportunities unlimited. Why this plight? What should we do about it? These questions need serious examination.

John W. Burgess maintained that mankind did not begin with liberty but, rather, that mankind acquires liberty through civilization. Liberty is but the flowering of human ascendancy in virtues and principles. The first known civilization emerged in Sumer about 5,000 years ago. Liberty, as we think of it, was no more in the minds of earlier mankind than the free market or private property or limited government or air conditioning or harnessed electric energy or millions of recent phenomena. Prior to Sumer, mankind had not become civilized enough to acquire liberty.

A civilized person, according to my ideal, must recognize that man is at once a social and an individualistic being. Thus, he must not only be self-

responsible but, at the same time, understand that he owes to others no infringements on their rights.

In a word, the truly civilized person is a devotee of freedom; he opposes all man-concocted restraints against the release of creative human energy.

The civilized person realizes how incorrect it is to think of freedom as synonymous with unrestrained action. Freedom does not and cannot include any action, regardless of sponsorship, which lessens the freedom of a single human being. To argue contrarily is to claim that freedom can be composed of freedom negations, patently absurd. Unrestraint carried to the point of impairing the freedom of others is the exercise of license not freedom. To minimize the exercise of license is to maximize the area of freedom.

Ideally, that is, in a civilized society, government would restrain license, not indulge in it; make it difficult, not easy; disgraceful, not popular. A government that does otherwise is licentious, not liberal—and a people who permit this are not quite civilized.

To illustrate uncivilized actions: Those in “the Third World,” that is, the people in the impoverished or underdeveloped countries, with a few notable exceptions, are asleep at the switch. As a consequence they starve by the millions. Asleep to what? Not only to how the free and unfettered market works its wonders but also to the reasons why government should be limited. They are miserable. That’s one side of the uncivilized coin.

The other side is just as uncivilized. American politicians observe the plight of these people. Their conclusion: “We must save them!” By demonstrating how to overcome their poverty? By teaching them how to save and accumulate capital and to freely trade and compete? No, for these dictocrats haven’t the slightest idea themselves as to this, the only remedy. They are unaware of the differences between liberty and slavery. So, what is their solution? Confiscation! They *coercively* acquire dollars by the hundreds of billions, every dollar taken from the fruits of our labors and *gratuitously* passed on to these victims of underdevelopment. By any reasonable definition, such action is uncivilized. Merely bear in mind that mankind acquires liberty through civilized actions, and it is obvious that such give-away programs destroy the very foundations of liberty.

Examples abound of smaller but comparable “programs” emanating from federal, state and local governments. Observe this sequence:

1. Governments, having no money of their own, must first coercively take away in order gratuitously to give away.
2. That which is coercively taken away is the source of our livelihood.
3. There cannot be life without livelihood.
4. To the extent that livelihood is taken, to that extent are citizens deprived of life.
5. These deprivations diminish individual liberty—liberty being the flowering of civilized individuals.
6. Give-away “programs” quite obviously put the cart before the horse—cause and effect in reverse.
7. Those thus engaged are not awake to the duties and opportunities liberty opens to human beings. They are, indeed, asleep at the switch!

Of the two questions to be answered the first is, why this devastating plight? Why are so many dead to the wonders of liberty? These persons cannot remember falling asleep. Perhaps they never were awake and, thus, are sound asleep to mankind’s high purpose—individual evolution and the liberty to act creatively as one pleases. They are in the same plight as were the ancients prior to Sumer, the first known civilization. Nor should we be surprised at this seeming delinquency, and for at least two reasons:

1. Evolution is a very slow process, gracing only a relative few since Cro-Magnon man of some 35,000 years ago.
2. Were we to collapse the eons of time since life first appeared into a single year—a comprehensible span of time—human liberty had its inception only 3 1/2 seconds ago. It is the newest of all politico-economic concepts, opening the way to duties and opportunities: creation at the human level. Little wonder that only a few have the slightest idea as to what liberty is all about. The millions—and understandably—asleep at the switch!

There are, of course, numerous levels or depths of sleepiness. They range from sound asleep to drowsiness to catnaps to half awake. By the same token, awareness of liberty ranges from zero to brief glimmers to rather profound understanding.

What do people do when asleep? A few are sleepwalkers but, mostly, they do no more than *dream*. And a dream, as related to this thesis, is a pipe

dream: “a fantastic idea, vain hope, or impossible plan.” I must conclude, therefore, that all the “plans” or any fraction thereof which are inconsistent with civilized actions—the fountain of liberty—are no more than thrusts from primitive antiquity. They are imagined utopias or paradises—various forms of Shangri-La!

Wrote Goethe: “None are more hopelessly enslaved than those who falsely believe they are free.” The millions who are asleep at the switch and who dream and unknowingly pave the road to their own slavery actually think they are as free as the few who are partially awake and have some understanding of liberty. The millions who falsely believe they are free are enslaved by a dreadful ignorance: *not knowing their plight but not knowing that they know not!* Attempts to sell liberty to these millions are as fruitless as trying to sell a course in physical fitness to a corpse.

The second question would seem to be, what are we to do about this plight? However, this is neither a *we* nor a *wee* problem. Instead, it is an *I* and an *Infinite* problem.

What, then, am I to do? Spend my time and energy trying to awaken those who are asleep at the switch as most freedom devotees are doing? Or, shall I take that seldom-traveled uphill road that leads to my own awakening? These are my choices; it’s one or the other! My decision to take the latter course is founded on several observations.

1. Who among all the people inhabiting this earth have I been commissioned to save? Only yours truly, an answer with which no one will disagree. Try to find an individual in this or any other country who believes my role is that of his savior. Not one, and that’s the way it should be!
2. What if I were to take the other course—awaken a person asleep at the switch? What is his reaction to being yelled at, to setting him straight? “Get off my back!” “Shut up!” “Leave me alone!” “Mind your own business!” “Who do you think you are?” These reforming tactics spawn adversaries and antagonists, never friends or seekers of one’s light. Again, this is the way it should be. Erroneous methods only multiply existing errors.
3. What is the right method? Rather than wasting one’s energy vainly trying to improve others, it is *to better one’s self!* Why is this a

civilizing procedure that spawns liberty? Because coming awake to liberty is exclusively a personal achievement. Human betterment in this aspect of life has as many points of origin as there are human beings. I cannot originate improvement in you or you in me.

4. Wrote Edmund Burke: “Example is the school of mankind; they will learn at no other.” This wise observation applied no less to Burke or Socrates or Emerson than it relates to you and me.

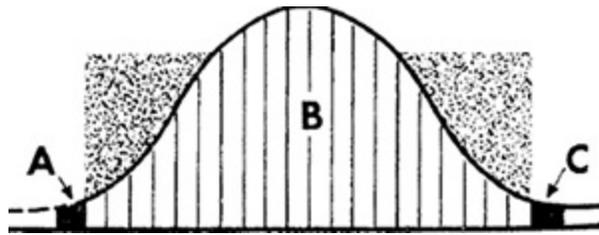
Merely note how many of us still seek the tutorship of these seers, and of numerous other individuals who have been and are way out front in their intellectual, moral and spiritual enlightenment. Those who seek truth are attracted to exemplars. All history attests to this law of attraction—the drawing power of excellence. The school of mankind to which Burke refers issues no degrees and has no graduates. It is, instead, perpetual progression—self-dedication for life!

The few who really count in advancing civilization and liberty are those who are alert not only to their duties but to opportunities unlimited. They are those rare persons not asleep at the switch. May their tribe increase, for your sake and mine!

In Pursuit of Excellence

The ideal of freedom is to let anyone do anything he pleases, as long as his behavior is peaceful, with government empowered to keep the peace—and nothing more. An ideal objective, true, but one that must be pursued if we would halt the continuing descent of our society from bad to worse. Nothing short of this will suffice. And unless we fully understand the ideal—and what makes for its attainment—we'll tend to settle for powerless, futile little pushes and shoves that yield no more than a false sense of something done.

To grasp the difficulty of the problem as I see it, refer to what the statisticians call a Normal Curve—fat at the middle and thin at either end.



Now, represent the adult population of the USA by vertical bands on this curve. Let the thin band at the extreme left (A) symbolize the few articulate, effective protagonists of authoritarianism in its numerous forms. Let the thin band at the extreme right (C) symbolize the few articulate protagonists of individual liberty, the free market economy and its related legal, ethical, and spiritual institutions. Between these two opposed types of intellectuals are the many millions (B), more or less indifferent to this particular problem, as uninterested in understanding the nature of society and its economic and political institutions as are most people in understanding the composition of a symphony. These millions, at best, are only listeners or followers of one intellectual camp or the other. Dr. Ludwig von Mises poses the problem precisely as I see it:

The masses, the hosts of common men [B], do not conceive any ideas, sound or unsound. They only choose between the ideologies developed by the intellectual leaders of mankind [A or C]. But their choice is final and determines the course of events. If they prefer bad doctrines [A], nothing can prevent disaster.[\[29\]](#)

But, first, who are “the hosts of common men”? Rarely does an individual think of himself as included—only others belong to the masses! There is a great deal of such inaccurate self-appraisal. As related to the problem here in question, any person—be he wealthy or poor, a PhD or unschooled, a political big-wig or voter, a captain of industry or an unskilled worker—qualifies as a member of the masses if he does “not *conceive* ideas, sound or unsound.” Conversely, wealth or educational or occupational status is not a controlling factor in determining “the intellectual leaders of mankind.” These leaders are the ones who *conceive* ideas, sound or unsound, and they come from all stations in life. These facts are important to what follows.

Today, the masses (B) are listening to and following the intellectual leaders at the left (A). The reason is that the intellectuals at the right (C) have not done and are not now doing their homework; indeed, most of them have little inkling of either the need for or the nature of such homework.

The Spiritual Qualify

Many of us who think, write, and speak for freedom—myself included—have thought that our mission could best be served by teaching free market economics along with consistent governmental theory—that is, the disciplines which have to do with how *man* acts in response to given situations in society. But this, we are discovering, is not the whole story. For example, a man lacking in high moral and spiritual standards can have the libertarian philosophy “down pat” in the realm of political economy; he can grade 100 percent in any test but may, nevertheless, throw his influence behind collectivism! In such an instance we have nothing whatsoever to show for our educational pains—nothing but little pushes and shoves that yield no more than a false sense of something done.

I know of a top labor official who, like some others, has learned and can explain the free enterprise philosophy as skillfully as anyone can. But this man, weak in moral disciplines, disregards his knowledge as he grasps for personal power. The rest of us would be as well off were he an economic illiterate.

The above observation is not to deprecate teachings in the social sciences; far from it! These teachings are a requisite to understanding. Yet, to pin our hopes for a good society on these teachings alone is but to delude ourselves. *What is the moral and spiritual quality of the man who is learning?* This, we are discovering, is the real question; indeed, it is the primary question we must answer, and answer satisfactorily.

I feel that the foregoing is a necessary preface to further probing in an area seldom explored by individuals devoted to economic education. Education in economics and government is important, but this alone will not solve our problem. There is a further need, yes, a necessity, for what Jefferson called “a natural aristocracy among men, founded on virtue and talents.” Without this—so will run my argument—economic expertness or sound organizational theories of society will avail us nothing. This is a hard confession for one who has long thought that our country’s disastrous trend could be reversed by little more than a return to economic sanity.

Hard to Focus on the Problem

The need for a natural aristocracy is not generally recognized. Why? It may be that most of us are unaware of the relatively undeveloped state in which we as humans now exist. Our unawareness, such as it is, may stem from a failure to put ourselves in proper long-range perspective. In no small measure, this would seem to account for a great deal of unwarranted self-esteem, for thinking of ourselves as the ultimate in perfection, for our egocentricity. Our natural tendency is to regard the universe as something which revolves around each little “me.”

No person in such a state of self-satisfaction is in any shape to recognize his incompleteness, let alone to improve, to emerge, to continue the hatching process, to soar into what Jefferson meant by a natural aristocracy. A person who regards himself as a complete specimen of humanity can hardly acquire more virtue and talents. If a natural aristocracy

is a requirement, then it follows that most of us need a keener appreciation of our past and present status relative to what we might become.

A slight beginning toward an improved perspective might be gained by comparing the time span of what we call humanity with the time span of that infinitesimal speck in the universe we call earth.[\[30\]](#) For instance, let a 10,000-foot jet runway represent the time span of this planet—perhaps 2,500,000,000 years. So far as the records reveal, Cro-Magnon man put in his appearance 40,000 years ago, less than the last two inches of the 10,000-foot runway! Man—from Cro-Magnon to us—is no more than a Johnny-come-lately!

In what condition did these relatively recent ancestors of ours find themselves? Of knowledge, as we use the term, it is doubtful if they had any. Science? Philosophy? Art? Religion? We wonder if they knew where they were or who they were. How could they have known the past without any history or tradition? Could they have had any capital, that is, any material or spiritual wealth? Or any inheritance, that is, from the toil of past generations? They must have been without tools, without precedents, without guiding maxims, without speech as we know it, with little if any light of human experience. Their ignorance, as we understand the term, must have been nearly absolute.[\[31\]](#)

The above would seem to be a fair picture of where we were only a few moments ago in long-range time. But where are we now in relation to our destiny? Using human destiny as a yardstick, we have barely moved. According to the scientists, most species require a million years to develop. Should this rule of nature apply to humans, then we have 95 percent of the way to go in civilizing ourselves—an occasion for humility as well as hope.

Numerous Oversouls

Of course, it is absurd to believe that human beings will upgrade more evenly in the coming eons than in the past 40,000 years. Every species, including the human species, has its throwbacks and its great masses of mediocrity. But, encouragingly, the record is punctuated with numerous oversouls, “the spirit which inspires and motivates all living things.” While many among us show little if any advancement over the original specimens, there have been and are a few who, in some respects, serve as lodestars, as

guiding ideals, as models of excellence, as exemplars of the human potential, and thus qualify for what is meant by a natural aristocracy. Further, if the human species makes the grade, instead of falling by the wayside, the unevenness we have noted—the mass of mediocrities and the few oversouls—probably will continue throughout the millennia of man’s hoped-for emergence in consciousness, awareness, perception, reason—in man’s power to choose and to accomplish what he wills.

The careful observer can hardly help noting certain “breakthroughs” which demonstrate the potential in mankind. Reflect on Jesus of Nazareth. Bear in mind such high specimens of humanness as Hammurabi, Ikhnaton, Ashoka, Guatama Buddha, Lao-tse, Confucius, Moses, Socrates, and, a moment closer to our own time, Beethoven, Milton, Leonardo da Vinci, Goethe, Rembrandt, and so on. Edison, Pasteur, Poincare, Einstein have, in their ways, soared above most of us and given us light. The performances of these uncommon and remarkable persons are but prophecies of what potentially is within the reach of our species.

Whether or not our species will move on toward its destiny or, more to the immediate point, whether or not we, the living, and our children will be able to play our role in and benefit from a human emergence, would seem to depend on what elements in the population predominate. Will those who are failures in the emerging process rise to political power, forming an inhibiting kakistocracy—a government by the worst men—and thus retard or destroy the process?[\[32\]](#) Or will our course be determined by a natural aristocracy founded on virtue and talents? We, in our times, may well be living in one of the great moments of decision.

One thing seems crystal clear: The worst elements in each one of us will predominate in any moment of time when the aristocratic spirit in each one of us is not “in the pink of condition”; the slightest letdown in its moral, intellectual, and spiritual virility must inevitably witness disaster. This is true in nature: the weeds, pests, fungi, viruses, parasites take over whenever their natural enemies experience a letdown. Virtue and talents, the natural enemies of ignorance, knavery, foolishness, malevolence, must be perpetually flowering to hold these evils in check. This is to suggest that our species will not make the grade in the absence of those emerged spirits which inspire and motivate the human race toward its destiny. Man alone,

of all creatures, has been granted the freedom to participate in his own creation.

Conceding the need for a natural aristocracy is one thing, perhaps a first step in right thinking. But more is required than the mere repetition of the virtue and talents of those who have gone before us. If nothing more than carbon copies were required, it then follows that we of our generation would exhibit no improvement over Cro-Magnon man. We would have no language, no knowledge; the ignorance that was his would be adequate. No, the human situation is not meant to be static; it has no stopping place, no “this is it!” Instead, it is a dynamic process, the essential requirement of which is perpetual hatching in virtue and talents, an eternal improvement in consciousness, awareness, perceptivity.

Developing Consciousness

No doubt the scientists are correct in claiming that most species take a million years to develop. Humanness, however, is geared not to the finite but to the Infinite and thus, I believe, what applies to other species does not necessarily apply to man. True, man cannot conceive of infinity, even in the case of time and space. But he can become aware of infinity by the simple acknowledgment that he cannot comprehend finite time or space—a point in time or space beyond which there is no more time or space. By the same token, man cannot conceive of infinite consciousness, *consciousness being the singular, distinguishing characteristic of humanness*, but he can become aware of it by admitting that he cannot conceive a level of consciousness beyond which there could be no further refinement of consciousness.

The human situation, it seems, by reason of this peculiar quality of consciousness, is linked to eternity; its design includes no point of retirement; it admits of no Shangri-La implications whatsoever; perpetual struggle and the overcoming of endless confrontations is of its essence. How else can man emerge in consciousness except as he succeeds in overcoming obstacles? Difficulties, problems, hardships do, indeed, have their deep purpose.

This, however, is not to deny that individuals are free to retire, to resign from the climb, to get out of life, to surrender self-responsibility, to think short-range, to “live it up” here and now; they can and do exercise

their freedom in this respect, and on the grand scale! And these who acquire so little of that which is distinctly human are assuredly among the many who can and will take over in the absence of a first-rate aristocracy.

It may very well be that a purpose is served by these dropouts from the struggle, among whom are numbered many of the famous, the wealthy, the “educated,” and “leaders” in business, church, and state, along with hosts of the nondescript. It is the threat of their take-over, the danger of their dominance of the human situation, that triggers the aristocratic spirit into existence; their actions bring on reactions; their devolution is the genesis of evolution; these agents of disaster are meant to create an anti-agency of survival. Without them, the emerging process would cease; for man cannot *become* except as he *overcomes*. A strong position rests on strong opposition.[\[33\]](#) At work here is the tension of the opposites or the law of polarity. In short, the unfortunate quitters serve as springboards to those who pioneer progress.

A Responsibility to Create

If every action has its reaction, as observation affirms, some people will conclude that we then have nothing to fret about; in other words, let nature take its course while we spin our own little webs. What is overlooked in such a conclusion is that the human situation is peculiarly distinguished by consciousness, a quality not found in other life forms. And as consciousness emerges, there comes with it a responsibility to share in the creative process. An expansion of the individual’s consciousness toward a harmony with Infinite Consciousness demands of the individual that he take on, commensurately, other characteristics of his Creator. It is absurd to believe that there can be any growth in that direction without a corresponding emergence of creativity in man.

True, every action has a reaction but, unless there is a conscious effort—unnatural effort or, better yet, above the natural—to exercise the new creativity born of added consciousness, the reaction to the dominance of ignorance, knavery, and foolishness will take only the form of displeasure, hate, vengeance, cynicism, satire, political bickering, snobbery, name-calling. Clearly, there is no emergent power in this type of reaction, none whatsoever. No natural aristocracy can be born of this. Such reactions are at

the same low level as the ignorant, knavish, foolish actions. And, with nothing more than this, ignorance, knavery, foolishness will continue to dominate society.

To summarize the foregoing: It is my belief that those qualities of character which have sufficed to bring progress in the past will prove inadequate from here on; indeed, the mere duplication of past virtue and talents will not stand us in good stead right now. We need, at this juncture in man's emergence, a natural aristocracy of higher quality than has heretofore existed. Looking at the human situation with an emerging perspective permits no other conclusion! The natural aristocracy must be a more distinguished body than ever before, because today's crisis is that much greater. Extraordinary effort must be put forth as a necessary condition to human emergence, or even for survival!

Our Prime Objective

If the above observations are valid, it follows that the establishment of a natural aristocracy should be our prime objective; the teaching of economics or other disciplines of the social sciences can be meaningful only if individuals of virtue and talents are presupposed. What, then, are the qualifications for membership?

Unless careful, we are likely to think of membership in the natural aristocracy as consisting of a set of persons, for such, indeed, has been the case in various so-called aristocracies, composed, as they have been, of privileged minorities possessed of great wealth or social position. Aristocracy, in common usage, has been correctly interpreted as consisting of persons of a certain lineage or legal standing.

But the natural aristocracy, such as we have in mind, is even more exclusive; its membership is distinguished by manifested virtue and talents. It is not based on law or a given parentage; it must be regarded as more than an order of persons because there is no individual who is absolutely virtuous and talented, nor anyone wholly lacking some virtue and talents.

Now and then there is a person who manifests extraordinary virtue and talents, relative, at any rate, to the rest of us. Observing this, we are led into the error of following a fallible individual rather than emulating the virtue and talents he possesses, these being the benchmarks of a natural

aristocracy. The error is serious. To become a Confucius or a Goethe is impossible, but the virtue of the one and the talents of the other are to some degree attainable and, perhaps by a few, surpassable.

How, then, is the individual to seek identification with the natural aristocracy among men? Strict instruction, I am certain, would deny to anyone the privilege of saying, “I am now a member of the natural aristocracy.” Glory and fame for the man would not be permissible, only glory and fame for the virtues and talents—the characteristics rather than the characters!

The individual himself, insofar as he might have any association with this type of aristocracy, would be now in and now out, as virtue and talents showed forth through his actions or were obscured by them. Perhaps we could say that no individual would have any identification with the aristocracy whatsoever except *during those moments when he might be in an improving state*. In this state—such would be the concentration—he would not himself be aware of his own status. Indeed, any feeling of what-a-good-boy-am-I would be a sure sign of exclusion from the aristocracy.

A natural aristocracy, then, does not consist of “aristocrats” as commonly interpreted but, instead, is an aristocratic spirit which might show forth or manifest itself in any serious and determined person. What persons? Hanford Henderson answered the question in this manner:

He may be a day laborer, an artisan, a shopkeeper, a professional man, a writer, a statesman. It is not a matter of birth, or occupation, or education. It is an attitude of mind carried into daily action, that is to say, a religion. It [the aristocratic spirit] is the disinterested, passionate love of excellence ... everywhere and in everything; the aristocrat, to deserve the name, must love it in himself, in his own alert mind, in his own illuminated spirit, and he must love it in others; must love it in all human relations and occupations and activities; in all things in earth or sea or sky.[\[34\]](#)

Henderson’s statement pretty well stakes out the dimensions of the aristocratic spirit, in essence, the love of excellence, which, of course, includes the love of righteousness. And by “disinterested” Henderson meant

that this attitude of mind should be for its own sake, without thought of reward in the here or the hereafter.

The love of excellence for its own sake! This is the attitude of mind which, when acquired, witnesses man's sharing in Creation. He becomes, in a sense, his own man.

Indeed, the man who acquires the aristocratic spirit will, quite naturally, have the same viewpoint of economics as does Henry Hazlitt:

The art of economics consists in looking not merely at the immediate but at the longer effects of any act or policy; it consists in tracing the consequences of that policy not merely for one group but for all groups [universality].

The man with the aristocratic spirit will, along with Immanuel Kant, consider a maxim as good only if this same principle of universality can rationally be applied to it; [\[35\]](#) he will no more be guided by the fear of opprobrium on the part of his fallible fellows than he will by the desire for their approbation. He acts, thinks, and lives in long-range terms, for he has linked himself with eternity by his love of and devotion to excellence.

Imagine, if we can, the enormous difference between the thoughts and actions of laborers, artisans, shopkeepers, professional men, writers, statesmen, as we commonly observe them, and the thoughts and actions of these self-same people were they imbued with the aristocratic spirit!

Suggested Procedures

Let us return now to the Normal Curve, displayed at the beginning of this chapter, and contemplate the task of the few at the right (C). Only through unprecedented excellence on their part can disaster be averted. In our search for an excellence that might attract the millions (B) away from authoritarian leadership (A), I would offer two simple suggestions.

The first concerns humility: Neither we nor anyone else can design or draft or organize a good society. No one person nor any committee can make even a pencil; a good society is more complex than that! A pencil or a good society or whatever is but a benefit or dividend which flows as a consequence of antecedent attention to one's own emergence toward

excellence. This thought, a realization of one's limitations, eliminates useless endeavors; it steers one toward the aristocratic spirit; it is the way to qualify.

The second is but a detail that may help in making qualification less difficult: Regardless of the benefit we would have bestowed, always strive for a related goal over and beyond the benefit. The method or principle I have in mind is not new; it was known by the ancients: "But seek ye first the kingdom of God, and his righteousness; and all these things shall be added unto you." This principle of seeking something higher than the benefit was meant as well for general, day-to-day, earthly application. It is a right principle and, therefore, must work at all levels of endeavor.

For instance, if one desires admiration, do not seek admiration but strive for a behavior that can be admired. If we would be rid of poverty, then offer not handouts but liberty to all. In short, if one's ideal is no higher than the benefit, the pursuit of that ideal, paradoxically, will have no reward in store. A by-product never has its origin in itself, but always in something superior to itself. Capital is the antecedent to a dividend.

If we would have a good society then look not to it, but to excellence in all things—and above all to virtue and integrity in our every deed and thought. The dividend will be as good a society as we deserve.

The ups and downs in society are guided by the rise and fall of the aristocratic spirit, by the unremitting pursuit of excellence. It is utter folly to look for social felicity when this spirit is in the doldrums, and no maneuver less than the passionate pursuit of excellence will matter one whit. The good society, with its open opportunity for individual development—let me repeat—is a dividend we receive when virtue and talents are flowering, when the love of excellence in all things is riding high—even in economics.

I can try to qualify. So can you. This is the way every trend gets its start. Who knows? *We* might start a trend!

[29] *Human Action* (New Haven: Yale University Press, 1963), 864.

[30] For a dramatic demonstration of the earth's infinitesimal place in the cosmos, see the drawings of Helmut Wimmer in the April 1959 issue of

Natural History, or the book *Cosmic View*, by Kees Boeke, published by the John Day Company in 1957.

[31] A paraphrasing of a statement by the late Cassius Jackson Keyser, mathematician-philosopher of Columbia University and quoted by A. Korzybski in his *Manhood of Humanity*, 2nd ed. (Lakeville: Institute of General Semantics, 1950), 295.

[32] “Is ours a government of the people, by the people, for the people or a Kakistocracy rather, for the benefit of knaves at the cost of fools?” –James Russell Lowell.

[33] “Compensation” is the word Emerson used. Refer to his essay by this title.

[34] Excerpted from an article by Hanford Henderson entitled “The Aristocratic Spirit,” which appeared as a reprint in *North American Review*, March 1920.

[35] If one can rationally concede that every person on earth [universality] has the right to his life, his livelihood, his liberty, then, according to Kant, the maxim is good.

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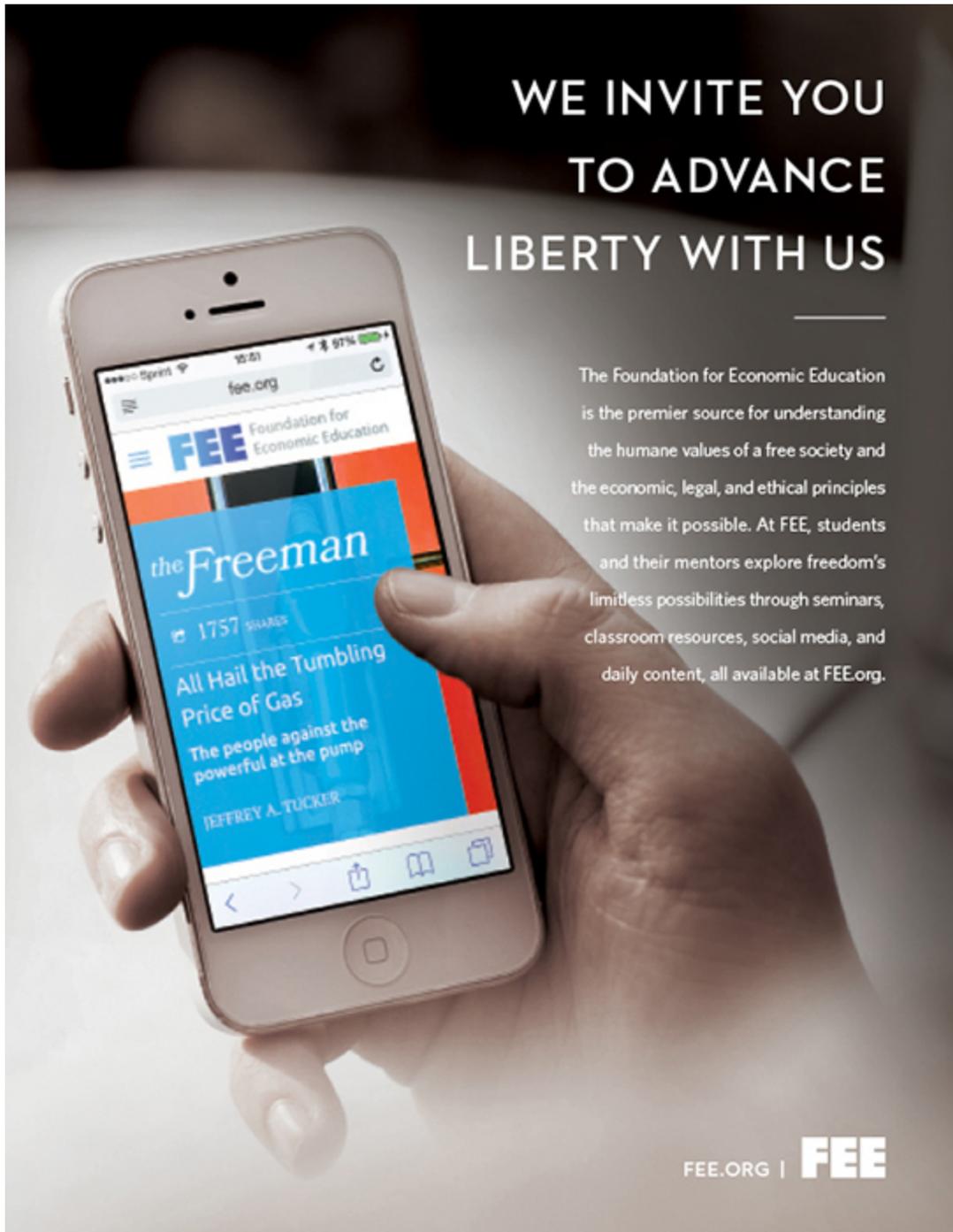
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